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Incremental improvement: Evaluating the emancipatory impact of public country-by-country reporting☆

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ABSTRACT

This paper evaluates the impact of the European Capital Reporting Requirements IV (CRD IV) country-by-country reporting (CbCR) requirements as a form of emancipatory accounting, considering whether and how it has delivered the progressive or regressive potential of transparency standards. We discuss how, despite the many significant flaws in the currently available CbCR data and in the current publication standards, the capital requirement standard has been a progressive force in multinational corporation (MNC) tax accounting, in part because of its moderate success in aggravating tension and conflict around the behaviour of MNCs and revenue authorities. The standard has delivered five key benefits: it has brought some evidence to a conversation where historically there has been almost none; it has safely tested some of the arguments against tax transparency and found them wanting; it has demonstrated the appropriate path for future incremental progressive change; it has highlighted issues that need to be resolved before a post-exploitative structure exists; and in some cases it appears to have shifted MNC behaviour, indicating that more and better transparency could support a more emancipatory accounting for transnational corporate taxation.

1. Introduction

This paper explores the emancipatory -in the sense of Gallhofer and Haslam (2019) – potential and impact of transparency in tax accounting in a transnational context through evaluation of the European Union's Capital Reporting Directive IV (CRD IV).

In the early part of the 21st century, both multinational corporations (MNCs) and nation states came under significant scrutiny on the topic of 'tax avoidance', with widespread campaigns suggesting MNCs were avoiding tax (Lesage & Kaçar, 2013), that certain nation states were competing to benefit from tax avoidance behaviour (Devereux et al., 2002), and that various stakeholders and the wider public were unhappy with what they perceived as the 'unfair' tax arrangements of the largest global companies (Action Aid,

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2013; Shah, 2015). National and transnational tax structures were recognised as being fundamentally alienating and exploitative, with particularly devastating effects in countries least able to defend themselves against predatory capitalisms.

Partly in response to this context, the EU implemented CRD IV. Under CRD IV, since the fiscal year 2014 banks present in the European Union with a turnover of more than EUR 750 million have had to publish Country-by-Country Reporting (CbCR) data, listing their revenues, profits before tax, tax payments, and staff numbers in each country in which they operate. The project was explicitly emancipatory, with publication designed, in the 2014 words of the European Commission Vice-President Michel Barnier responsible for Internal Market and Services, to "allow stakeholders to gain a better understanding of the structures of financial groups, their activities, and geographical presence and help to understand whether taxes are being paid where the actual business activity takes place" (European Commission, 2014, p. 1). Thus, a new form of accounting information was created and made available on a mandatory basis within the EU, bringing with it new accountings for tax and new narratives around those accountings. This new accounting was designed and implemented for progressive purposes – it might therefore be expected to deliver some emancipatory benefits, making it a potential form of 'emancipatory accounting'.

Emancipatory accounting stands in contrast to forms of accounting which are 'alienating', i.e. exploitative or exclusive. The contrast with traditional approaches aims to challenge illegitimate or exploitative accountings by highlighting the exploitation those traditional accountings conceal. The legitimacy of accounting as a profession is theoretically based in the interests of a common or public good (Killian & O'Regan, 2020), though critical accounting has problematised the relationship of the profession to the common good (Chatzivgeri et al., 2020). Emancipatory accounting theorists (e.g. Gallhofer & Haslam, 2019) have provided an impetus for developing more progressive forms of accounting – like those hoped for under CRD IV – which bring more people into the understanding of 'common' and more forms of value in the understanding of 'good', in an effort to redress the impacts of a traditional accounting which replicates and reinforces unjust and alienating power structures. Emancipatory accounting thus seeks to relegitimise accountancy through the development of accountings which are just or serve just ends.

Whether specific new accountings are emancipatory in reality depends on a number of factors as any individual accounting practice inevitably includes both progressive and regressive elements (Gallhofer & Haslam, 2019). Following Gallhofer, Haslam, and Yonekura (2015), this paper takes CRD IV and assesses it pragmatically as an individual accounting within its specific context. It aims to meet the challenge set out in Gallhofer and Haslam (2019, p. 1), to "remain… committed to radical progress but also reflexively aligned to a pragmatic approach", considering the ways in which CRD IV tends towards or away from emancipatory ends within the dynamic structures of regulation and behaviour in which it operates.

This paper asks whether country-by-country-reporting under the CRD IV has delivered its emancipatory potential vis-a-vis the corporation tax behaviour of nation states and MNCs since implementation. It asks who has been granted power by the new reporting structures, whether increased understanding has been delivered to relevant stakeholders, and whether the purported emancipatory benefits of transparency have been delivered. The CRD IV requirements are a good demonstration that potentially emancipatory efforts will generally have mixed results, and that only from assessing actual efforts in a real context can we assess what the progressive and regressive impacts are (Gallhofer & Haslam, 2019).

Recognising this mixed picture, this paper takes a cautiously positive view of partial success in emancipatory accounting efforts. There is a recognition that the critical accounting literature suffers from a 'lacuna' when considering positives (Chatzivgeri et al., 2020), in part because of a historic (post-Hegelian)[2] tendency towards a dichotomous understanding of revolution/emancipation (Gallhofer & Haslam, 2019) which struggles to recognise the benefit of incremental progress.

We will demonstrate that, despite a number of fairly significant problems with the published CbCR data and with the publication standard itself, CRD IV's tax transparency requirements have provided significant emancipatory benefits. These benefits have reduced the ability of powerful organisations to act in exploitative ways, have helped to deliver a (slightly) more just global tax settlement, and have provided valuable evidence on how to deliver future incremental emancipatory improvements. On balance, so far, it has been a progressive development and provides support to theorists who argue that transparency can be a useful concept and tool for delivering emancipation.

This paper is the first review of the EU CRD IV CbCR data publication standard to ask whether it has delivered its emancipatory potential. It supplements the literature on tax transparency in critical accounting by using the evidence now available to respond to the theoretical criticisms and purported benefits of greater tax transparency. It also adds to ongoing conversations around mandatory reporting with accounting impacts in other areas. The paper uses a critical emancipatory accounting lens to focus on the impact of transparency standards and norms on the behaviours MNCs and their shareholders, creditors, customers and wider publics. We cannot focus solely on MNCs however, because tax behaviour is a dialogue between MNCs and the nation states which set tax regimes, in the sense that each partner in the dialogue reflects and responds to activity by the other. As a result this paper also contributes to the political science literature on the impact of transparency on national tax regimes and tax avoidance.

This paper is specific in its focus, considering as it does a single transparency standard and assessing emancipatory impact therefore at a very micro level, within an international tax system which is fundamentally unjust, as can be seen for example in the overwhelmingly higher taxes levied on earned versus unearned income.[3] Within this context, the paper aims to identify methods of 'nudging' tax systems towards a more emancipatory future in a context where the structures of power are still owned and captured by powerful elites with vested interests, and more radical macro-level change is difficult to deliver and control.

The structure of the paper is as follows: first, a theoretical framework will outline the reciprocal relationship between emancipatory

[2] We are grateful to an anonymous reviewer for pointing out the impact of Hegelian dichotomous thinking in this tendency in the field.

[3] We are grateful to an anonymous reviewer for highlighting this context.

actions/accountings and transparency, before moving on to discuss tax avoidance and emancipation, discussing how the requirement for banks to release CbCR data aims to introduce an emancipatory structure for accounting for MNC tax through leveraging transparency. In section 3 we move on to the data which has developed as a result of CRD IV, assessing the limitations of the data and the evidence it provides as to the existence of tax avoidance. Section 4 then focuses on the five benefits of the CbCR data published under CRD IV and their emancipatory impact. These benefits are:

1. It has provided evidence for some of the previously theoretical purported benefits of such publication
2. It has demonstrated that the theoretically purported costs of such publication have not materialised
3. It has indicated some of the necessary qualities of good quality publication regulations for tax transparency data, without imposing poor quality publication standards across the entire market
4. It has given us a better idea of what change will be required for relevant stakeholders to have trust in MNC and nation state tax behaviour, as a measure of the exploitative reality of the tax system
5. There is some evidence that publication has led to a reduction in tax avoidance: that is, we have some evidence that publication delivers at least some of its stated aims.

We conclude with some discussion on whether the CRD IV requirements can be said to be emancipatory, assessed in their context, and what next steps might be necessary to capitalise on the progressive momentum already developed.

2. Theoretical framework

This section discusses the theoretical emancipatory impacts of transparency, and the potential regressive impacts of transparency efforts, as a background to the analysis of the CRD IV standard in sections 3 and 4. It aims to follow the call from Gallhofer and Haslam (2019, p. 3), by taking a critical new pragmatist perspective to confidently "identify… progressive projects that have an interface with 'accounting'". This section therefore identifies a set of risks and benefits against which to assess a particular transparency intervention from an emancipatory accounting viewpoint, allowing that other risks and other benefits may appear more salient in other contexts.

Emancipatory accounting as developed by Gallhofer and Haslam (2019) is (among other things) a construct which enables us to critically assess the progressive and regressive impacts of our accountings. Historically (see e.g. Tinker, 1984) emancipation has been seen in dichotomous terms: status quo versus revolution. The project of emancipatory accounting however need not aim at a specific revolutionary moment, but is better understood as a focus on building accountings which enable "process[es] of betterment experienced by a legitimate identity or interest" (Gallhofer & Haslam, 2019, p. 8) – that is, accountings can be emancipatory when they support the improvement of conditions for individuals or communities who have a legitimate claim to such improvement – though it is beyond the scope of this paper to define these individuals or communities or what gives such claims legitimacy.[4] The combination of these legitimate interests could be seen as the interest of the public good.

Accounting information has impact for or against the public good within markets, and markets are at their most fundamental level are simply networks of people.[5] They are thus one subcategory of the variety of networks people form, including citizenries, nation states, transnational campaigns, families, and other such connections. Each of these networks or individuals might have the kinds of legitimate interests identified above. These networks are cross-cutting and have agreed rules and parameters to enable cooperation; in this context, corporate taxes are a set of rules implemented by nation states into markets, bringing the norms of those nation states into the market context. Nation states are a "key site for the congealment of competing social interests" (Sikka, 2017, p. 392), and taxes "embody solidarity as taxes are used to promote the prevailing conception of distributive justice (as decided though the democratic process)" (Gribnau & van Steenbergen, 2021, p. 7).

Accounting information which speaks to tax therefore resonates both in the market and within the nation state, and because of this central importance of tax to the national good,[6] tax accounting has significant emancipatory potential. 'Tax accounting' as an ontological domain has a variety of shaping forces: national and international legislation, tax accounting standards, definitional norms and a variety of behaviours and social understandings. Emancipatory efforts leverage one or more of these inputs in an attempt to change the others, to create a 'tax accounting' which works differently from the accounting(s) that came before. CRD IV is one such effort, aiming to use legal standardisation and publication requirements to enhance emancipation, relying on the perceived impacts of 'transparency' to drive emancipatory change.

[4] The question of which communities or individuals have such claims is inevitably contested; defining who 'counts' as participants in the discussion inevitably influences the outcome of the debate about whose interests will prevail by setting its terms (as described in the accounting space by e.g. Ylönen & Laine, 1984). We have in this paper taken the view that the widest possible set of interests may be considered legitimate in an attempt to avoid narrowing the available space for debate. This is as substantive a position as any other, but it has the advantage of not dismissing claims of legitimate interest before they can be analysed.

[5] This paper (not uncontroversially) takes people here to mean natural (or human) people. Corporate personhood is a contested area, but at a fundamental level corporate structures are composed of groups of networked people, and this paper considers emancipation at the level of impacts on natural people rather than corporate persons. This should not be understood as meaning we take an individualist view, as this paper will discuss impacts on organisations and communities, but rather we are concerned about harms and interests at a human rather than a corporate level.

[6] In this sense a national good could be considered a common good for the nation, though of course (and especially when we consider tax accounting transnationally) the good of one nation can often run counter to the good of other nations and the global or regional common good.

2.1. Transparency and emancipation

Accountings are emancipatory or not in context (Gallhofer, Haslam, & Yonekura, 2015) and the impact of a shift in accountings can be assessed as emancipatory or not by its impacts – one could say that "ye shall know them by their fruits." (King James Bible, 1679/2008, Matt. 7:16). Emancipatory accounting publication standards aim to deliver progressive benefits through a series of mechanisms related to transparency.

Transparency can and has been conceptualized in a variety of ways (Christians, 2012; Cockfield & MacArthur, 2015; Flyverbom, 2015). For the purposes of this paper we are interested in transparency's role in the kind of progressive conflict described by Tinker (1985) as being critical to emancipatory accounting. Specifically, we wish to assess how effective specific transparency interventions are at "engender[ing] tension by representing the exploitative and repressive functioning of the status quo—and thus tend[ing] towards the latter's transformation" (Gallhofer & Haslam, 2019, p. 4). This paper aligns with Gallhofer and Haslam (2019) in breaking away from Tinker's potentially more dichotomous view of revolution and emancipation and his implied negative view of existing accountings, but continues the thread of radical progressivism which runs through both.[7] This contrasts perhaps with the more direct progressive utility value of transparency described by e.g. Joshi et al. (2019) where the value of tax transparency is that it straightforwardly directs governments to collect missing revenues.

In this view of transparency as an input to ongoing progressive struggle, transparency can be emancipatory in three dimensions: by fomenting the tension described above by providing evidence or narratives of exploitation which challenge existing hegemonies; by driving progressive behavioural change by the custodians of those hegemonies to reduce or avoid the tension thus created in an aim to preserve the wider status quo; and by enabling the development of trusting, non- or post-exploitative relationships.

However, the very emancipatory pressures of transparency measures hold within themselves the seeds of regressive reality. Transparency measures can be adapted or implemented in context in ways which pervert emancipatory aims, including by creating false façades and 'auras' of emancipation; by delivering just enough behavioural change by elites to reduce pressure for more radical change; or by serving specific interests and not others, thus giving differential transparency and locking some legitimate interests out of the discourse.

The rest of this sub-section will explore each of these progressive and regressive tendencies.

2.1.1. Transparency as an aide in emancipatory struggle

Following Tinker (1985) and some of the earliest understandings of emancipatory accounting as an explicit concept, transparency measures can be an aide to emancipatory struggle because their content and structure aims to foment tension between the existing hegemonic order and those alienated or exploited by it. This is clear in the work, for example, of Murphy et al. (2019) and Christians (2012), which describe the use to which civil society organisations aim to put transparency information: applying direct pressure onto MNCs and nation states to deliver a more just tax settlement. The increase in available information creates pressure which can be applied both to private and to public actors, giving power to groups who are not otherwise able to directly affect how corporate tax revenues are collected, but who do feel the impact of unequal tax burdens. Publicly available information widens the set of people with the resources to leverage data to apply pressure, increasing the range of legitimately interested parties who can partake in action-shaping discourse.

Subsequent to this, a second potentially emancipatory impact of transparency approaches is the way they shape actors' pre-publication behaviour. Rather than waiting for public pressure as a result of publication, parties affected by transparency measures may take a pro-active approach, changing their behaviour to avoid scrutiny and reputational impacts. Overesch and Wolff (2018) argue that companies are likely to act to avoid negative reputational impacts of increased transparency by engaging in fewer or less anti-social or exploitative activities. Gallhofer, Haslam, and van der Walt (2011) take this a step further, describing how in some cases the increased public pressure arising from transparency initiatives creates a progressive momentum. As the revelations from minimal transparency create pressure for greater transparency, the aforementioned behaviour change increases and structures of power can be realigned, as bodies which fail to keep pace with progressive change become increasingly irrelevant and other powerbrokers more responsive to the needs of newly empowered constituencies take their place. Thus, transparency can shape not only the behaviours of those (e.g. MNCs) targeted by transparency measures, but can also provide impetus for other actors including state regulatory actors to behave in other more pro-social ways within the same regulatory space.

The final emancipatory impact of transparency we are interested in here is its ability to support and sustain the development of post- and non-exploitative relations as exploitative structures are dismantled – its roles in what Gallhofer and Haslam (2019) describe as 'enabling accounting'. 'Enabling accounting' is a term which has been commonly used (Broadbent et al., 1997; Gallhofer & Haslam, 2019) but not clearly or consistently defined. In our usage, it is not quite the post-revolutionary accountings implied by Tinker (1984, 1985) and made explicit in Gallhofer and Haslam (2019) reading of him. It is perhaps closer to that outlined by Broadbent et al. (1997) as forms of accounting which tend towards a better, non-alienating and non-exploitative future. In this paper, we take 'enabling accountings' to mean accountings that are created during or after the removal of alienating structures which support emancipated relations between actors. Specifically in our definition 'enabling' refers to the enabling of emancipation, and so accountings that enable other outcomes do not 'count'. All accounting enables something, but not all accountings are enabling accountings. Similarly, while many emancipatory accountings may be or develop into enabling accountings, some are not enabling: they may aim solely at the

[7] We are grateful to an anonymous reviewer for the explicit recognition of the aspects of Tinker's thoughts which we follow Gallhofer, Haslam, and van der Walt (2019) in developing.

destruction or removal of existing alienating mechanisms. For example, accountings which detail the numbers of slaves used by an organisation in order to challenge the existence of slavery; a situation which includes slavery is not emancipated, once slavery has been eradicated there is no need for accountings of slaves held.[8]

'Enabling accounting' has a somewhat poor reputation within critical accounting, often being criticised as unrealistic or impossible (Gray, 2002), or as being the flip side of an overly monochromatic view of emancipation as revolution (Gallhofer & Haslam, 2019). This has led to a focus in the literature on the role of tension as central to progressivism and emancipation, and a desire to ensure momentum against regressive status quo through critique and struggle. This effort is entirely worthwhile, but it misses the opportunity, outlined well (but now nearly 30 years ago) in Broadbent et al. (1997), to develop a praxis of positive engagement, of building new and anti-exploitative ways of engaging, or at least to begin to sketch these in contexts which are still highly alienating. This gap reflects the lacunae in considering positives in critical accounting already discussed. As well as being potentially demotivating for practitioners, this failure to imagine what good would look like, and to see the seeds of that good in the present, limits the emancipatory potential of critical accounting by leaving entire avenues of progressive possibility unexplored.

Transparency has the potential to support the developments of post-exploitative relationships and structures by enabling mechanisms of trust, communication, feedback and accountability to develop. This aligns with the view attributed to some tax justice campaigners in Christians (2012) that transparency is in itself a good, and a prerequisite for good governance and accountability. This view sees transparency as a guardrail against corruption and poor governance, a necessary mechanism in any system of accountability which acts as a check on otherwise potentially unscrupulous officials and politicians (Christians, 2012). This view seems supported by evidence that when taxpayers perceive a revenue authority as fair and legitimate they are more compliant on their own taxes, suggesting a greater level of trust and engagement with the common good (Farrar et al., 2022). It contrasts with instrumentalist views of transparency, which view it as one possible tool which is effective at identifying and rectifying existing abuses.

Transparency and emancipation thus have a mutually reliant and reinforcing role within the space of tax accounting. A legitimate interest or identity cannot be said to be more emancipated without subjective understanding and visibility of an emancipatory reality where mechanisms for feedback, communication and mutually respectful change exist. And the existence of that subjective understanding cannot be delivered without the genuine betterment of legitimate interests or identities and transparency over that delivery. Emancipatory progress is sustained where institutional forces engendering emancipatory development are implemented, where mechanisms for feedback exist and where the information necessary to engage in feeding back successfully is provided. In these cases, trust can be a very useful lens through which to view the impact of transparency on emancipatory struggles, as well-founded trust relies on the existence of both the transparency and the mechanisms to respond to it. Institutional forces are more likely to be trusted where they are more worthy of trust, because under these circumstances those who trust will have seen the progressive benefits delivered by those forces.[9] Thus, critical accountants interested in the praxis of emancipation can use the interface between transparency and trust as a useful nexus for designing and assessing enabling accountings.

2.1.2. Transparency's regressive risks

Of course, there is a risk that a naïve view of transparency fails to recognise the ways in which 'transparency' initiatives have regressive aims or impacts in practice.

Transparency measures can be adapted or implemented in context in ways which pervert emancipatory aims, including by creating false façades and 'auras' of emancipation. This can be achieved by providing misleading information or by creating information overload; burying information citizens critically need among reams of data with limited value. Financial information production, like all knowledge production, is subject to gaming and can be used to replicate existing power structures or for regressive ends (Chatzivgeri et al., 2020; Edgley & Holland, 2021; Harvey et al., 2020; Johnston, 2015; Killian & O'Regan, 2020; Pesci et al., 2020). There is good evidence that reporting requirements can be used by reporters to keep the reality of their anti-social behaviour 'in the shadows' while presenting a pro-social façade (Journeault et al., 2021; Perkiss et al., 2021; (Breuer et al., 2022)) or that MNCs respond to changing reporting requirements either by 'crowding out' reputationally damaging information with other more positive disclosures, or by reducing the provision of useful voluntary disclosure, depending on what best serves their reputational interests (Breuer et al., 2022; Kays, 2022; Perkiss et al., 2021).

The concept of complexity is used to this end in the tax accounting domain. It is generally accepted that tax accounting is complex: indeed, it is doubly complex as it requires specialist knowledge of both accounting and tax. The construction of the space as complex enables deliberately obscure behaviour and discourages non-specialist scrutiny (Edgley & Holland, 2021) as tax codes are constructed so that what is legal remains ambiguous (Otusanya, 2011; Sikka, 2017) and not accessible to lay (or even some expert) audiences (Boden et al., 2010; Edgley & Holland, 2021; Francis et al., 2019; Johnston, 2015). This complexity makes emancipatory accounting particularly difficult, as the accountant will have a particularly tricky job conveying the 'true and fair' reality to non-speciality audiences who are alienated by that complexity. Further, there is evidence that shareholders and management indirectly collude to ensure mandated tax disclosures are uninformative, to deny information to revenue authorities (Edgley & Holland, 2021). In this case shareholders deliberately deny themselves information in their own interests, thus reducing the information available to wider stakeholders. In such an inaccessible space it is especially true that "[t]he result of a transparency policy depends on its specific design and context" (Wójcik, 2015, p. 1174). In light of this, we need to look at the reality of individual disclosure requirements in context and

[8] We are grateful to an anonymous reviewer for prompting us to make this distinction between enabling and emancipatory accountings.

[9] We are grateful to an anonymous reviewer for this framing of the link between trust and emancipation, and the articulation of the concept of well-founded trust.

practice to determine if they are emancipatory or not (Chatzivgeri et al., 2020; Gallhofer & Haslam, 2019).

Transparency initiatives can also inadvertently shore-up exploitative systems by prompting existing elites to take just enough action to reduce social pressure for more radical change, or indeed by revealing and further entrenching an exploitative norm. Christians (2012) for example discusses how the framing of various CbCR recommendations as being narrowly focussed on ensuring the correct amount of tax is paid has enabled organisations like the OECD to ignore the social and cultural dimensions of global taxation and defuse calls for a more radically different tax system. There is also evidence that firms shift their tax behaviour so as to curry favour with politicians who later control tax regimes (Chen et al., 2021). Harvey et al. (2020) argue convincingly that in some cases transparency about exploitative behaviour makes it come to seem more normal and acceptable, providing both psychological and reputational cover for organisations engaging in exploitation.

Finally, transparency by its nature is partial and specific accountings are views of information from certain perspectives aimed at certain audiences, meaning that transparency initiatives can lock specific people out even as it welcomes others in. Increased transparency for one group may lead directly to decreased input and accountability to other groups in a way which is non-emancipatory and which reflects and recreates pre-existing elites and power structures, while simultaneously hiding that regressive fact (Boden et al., 2010; Edgley & Holland, 2021; Harvey et al., 2020; Pesci et al., 2020). This is a particular risk when we measure the impact of transparency by considering trust. There is a risk that by 'idealising' trust – by making trust itself into the ideal, rather than seeing it as a reflection of and contributor to an emancipatory reality – we come to focus too much on whether trust is present than how it is created and functioning within a context. Idealising trust can lead to not seeing what is actually a façade hiding inequalities and harms (ter Bogt & Tillema, 2016). Within an accounting context, the expectation is that transparency will be created by the process of corporate reporting and (where relevant) assurance engagements, supported by legal structures which strictly define and assign roles related to accountability. This accountability framework is designed to deliver transparency and, through that transparency, trust primarily to shareholders but to some extent to wider stakeholders too. However, many understandings of accountability only reflect elite views. This can create empowerment deficits in other relationships, undermine the legitimacy of accountants, and risk the development of disclosures which are simulacra, rather than reflections of a true and fair reality (Boden et al., 2010; Edgley & Holland, 2021; Johnston, 2015). Traditional accounting has lost legitimacy in part because, by leaving out the views of non-investors, it is unable to deliver transparency to the wider public of the information that public needs, or to serve the public good (Boden et al., 2010; Killian & O'Regan, 2020). Legitimacy is further undermined by expert legal and accounting professionals designing systems which are obscure to non-experts and designed hide exploitative behaviour by powerful individuals and companies within the processes of transparency and corporate reporting (Sikka & Wilmott, 2013).

Assessing whether any particular intervention has been emancipatory is not a once and done event – interventions interact with their environments and context differently over time and help to shape those same contexts. The rest of this theoretical discussion will explore the specific alienating and exploitative behaviours that CRD IV seeks to challenge from a theoretical perspective, before we move to assess how effective the standard has been in challenging those behaviours in Sections 3 and 4.

2.2. Tax avoidance and emancipation

There is much discussion in the literature over whether 'tax avoidance' is a legitimate concept. Oats and Tuck (2019) and Datt (2014), for example, argue that 'tax avoidance' is a muddy term aiming to level moral force at legal (and therefore acceptable) corporate behaviour in inappropriate ways. Attempts like this to define tax avoidance out of existence by reference to the letter of the law are an attempt to extend the law into the knowledge construction mechanism of academic discourse as an arbiter of reality (Foucault & Gordon, 1980). It allows no space for discussion of tax avoidance within accounting literature by arguing that all such discussion is conceptually misfounded. The resulting restriction of discourse is essentially regressive: its effect is to validate the neoliberal capitalist view of tax avoidance, and to conclude that any shareholder-enriching behaviour within the letter of the law is not only allowable, it is above criticism and in some senses mandatory for managers of MNCs.

Other authors coalesce around a definition with common features which aligns (largely) with the public conversation of tax avoidance. Per these writers, tax avoidance is legal behaviour designed to reduce tax without altering economic substance (Cockfield & MacArthur, 2015; Müller et al., 2020), for example the reporting of revenues or costs in specific legal or geographic locations without changing where the activity of business takes place, or profit shifting. This definition lays claim to a set of facts about the world which it is very hard to measure, especially in a globalised, service focussed and digital economy: what is economic substance? How do we truly reflect the economic substance of value arising out of non-physical concepts and behaviours? And why should economic substance be considered definitive? A further complication arrives in this space, and in the public conversation, when we begin to contrast 'tax avoidance' with 'aggressive tax avoidance', where 'aggressive tax avoidance' is seen as the version of this behaviour which, while complying with the letter of the law, is clearly questionable within the spirit of the law. The aim here appears to be to create some concept of legitimate tax avoidance. This addition of 'aggressive' tax avoidance further muddies the waters in terms of attempting to base a definition on an agreed set of facts about the world (how are we to know whether a particular legal structure is aggressive in this sense? Is this reflective of some interior state of the organisation engaging in it?). The introduction of the term though does nod towards the idea that the concept of tax avoidance is inherently a moral one, as it aims to separate the legitimate from the illegitimate using a moral framework.

An alternative definition, and one with a moral component, might be derived from conceptions of the common good like that outlined by Killian and O'Regan (2020). Such a definition might call tax avoidance that tax behaviour which is (or might be) legal[10] but which is damaging to the common good as defined by the polis to which that good belongs. This association between a common good and a specific polis originates of course in Aristotle's understanding of humans as social creatures, and our wellbeing as being inherently linked with that of our communities (Aristotle, 1985). MNCs by their nature act in multiple countries: we do not define a polis as a country but recognise that citizens and MNCs can exist and engage in multiple, sometimes interacting and definitely interconnecting poleis in a transnational and globalised environment.

It is this definition which this paper will use. Tax avoidance is, here, immoral; there is no such thing as moral tax avoidance, and tax behaviour which reduces taxation without damaging the common good is not tax avoidance. 'Avoidance' when applied to tax speaks to the morality more than the legality of the activity, meaning that activity which is harmful and exploitative can be termed avoidance under this definition even in cases where a revenue authority has not ruled on the behaviour's legality (for example the many creative solutions described by Sikka, 2015).

This definition has the benefit of reflecting that 'tax avoidance' in common parlance is a term with moral weight; otherwise, again, why the contrast with the idea of 'tax planning', which is generally considered legitimate and even prudent? (Oats & Tuck, 2019; Sikka & Willmott, 2010; Ylönen & Laine, 2015) Clarity of distinction between 'tax avoidance' and 'tax planning' is critical, to avoid the abuse of the term 'tax planning' – a more socially acceptable term – as a euphemism for exploitative tax avoidance (Sikka & Willmott, 2013). It is a term which is itself emancipatory, attempting to make exploitation explicit (Gallhofer & Haslam, 2019): the distinction between tax planning (always legal, no damage to the common good) tax avoidance (sometimes legal or of questionable legality but with negative impacts on the common good) and tax evasion (illegal, immoral) makes visible the culpability of the tax regime and its owners in that exploitation.[11] A definition based on moral foundations seems therefore to capture what we mean when we say 'tax avoidance' better than any reference to statements of fact which claim (fairly or not) no moral content. This definition could be criticised for allowing argument as to whether specific instances of behaviour are tax avoidance or not. This seems rather an advantage than a disadvantage, as individual tax practices will be exploitative or not in specific contexts. Efforts to address tax avoidance are, following this definition, aiming at emancipatory ends.

2.2.1. CbCR as an emancipatory approach to tax avoidance

The CRD IV requirements developed out of concerns about corruption, overweening corporate power, injustice, environmental degradation, and the negative impacts of globalised capitalism (Crawford, 2019; Wójcik, 2015). They explicitly took aim at tax avoidance as a form of exploitation that exacerbated or caused these ills. The aim of campaigners and lawmakers for transparency in this space fits within Gallhofer and Haslam's inclusion of: "financial accounting that is intended to make exploitation transparent" (Gallhofer & Haslam, 2019, p. 4) as one form of emancipatory accounting.

Public CbCR accounting is (supposed to be) emancipatory because it influences MNC and state behaviour in ways which have an emancipatory impact on relevant actors and individuals, i.e., by reducing exploitation (Chatzivgeri et al., 2020; Crawford, 2019). It does this by acting as indirect regulation, supposedly by incentivising changes in behaviour (away from tax avoidance) without the resources required to enforce anti-avoidance activity by states (Gribnau & van Steenbergen, 2021). Because CbCR has developed largely due to pressure from outside the state and industry (Wójcik, 2015), it represents the incursion of new stakeholders into the production of accounting information, an incursion with emancipatory potential.

Whether CbCR disclosure requirements for European banks are actually an emancipatory development depends on their impacts in practice (Chatzivgeri et al., 2020; Wójcik, 2015). The potential for emancipatory impact rests on the premises that:

a) tax avoidance is a concrete and immediate ill as well as an abstract or normative one;
b) that addressing tax avoidance is therefore emancipatory (or at least progressive), and that;
c) disclosure is an effective mechanism towards addressing it.

Transparency standards like CRD IV aim to reduce alienating tax avoidance and enhance trust in MNCs and nation states by the demonstration of good tax behaviour and regulation. But, as discussed above, such publications could have regressive impacts. To assess whether CRD IV has worked, we need to consider its reality to assess its progressive credentials. The rest of this paper will turn to discussing the evidence for the existence of tax avoidance, and to demonstrating that CRD IV disclosures have provided benefits which on balance make the introduction of the disclosures a progressive development.

3. Country-by-Country Reporting data under CRD IV

The Capital Reporting Directive IV is very simple in its requirements for data publication:

[10] Because the test of whether a tax activity is illegal avoidance is often left to under resourced courts and revenue authorities, it is often unclear whether particular tax behaviours are legal or not.

[11] This framing implies of course two axes on which tax behaviour can be assessed: its legality and its morality. The three types of behaviour given here (planning, avoidance, evasion) imply of course a fourth: moral but illegal tax behaviour. This is an intriguing idea and might, for example include refusing to pay tax to an abusive regime, or refusing to pay an unfair tax.

> "From 1 January 2015 Member States shall require each institution to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year: (a) name (s), nature of activities and geographical location; (b) turnover; (c)number of employees on a full time equivalent basis; (d)profit or loss before tax; (e)tax on profit or loss; (f) public subsidies received… The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the institution concerned." (European Parliament, 2013, Article 89).

We now have seven or more years' of country-by-country reporting data from EU banks, which has been the subject of significant criticism as well as economic analysis, though the critical accounting literature to date has not yet fully engaged with the impact of this and other CbCR data publications. We will first consider the limitations of the dataset which has now been amassed, before describing what the data has revealed about tax avoidance by European banks.

3.1. Data limitations

The CbCR data published under CRD IV has a number of critical flaws which cannot be overlooked. These flaws exist in part because of the nature of the standard-setting process, which, like much tax legislation, was heavily influenced by both banks and professional services experts who benefit from a lack of transparency around exploitative tax behaviour. As these flaws have been well described elsewhere (Cobham et al., 2017; Murphy et al., 2019) we will spend only a short time here discussing them.

Firstly, there are a number of missing records in the data as at least 8 of the top 50 largest banks simply do not present their data, despite being contacted by, for example, Procházka (2020). This would appear to be a breach of the CRD IV directive, though the authors of this paper are not aware of any enforcement action taken against banks who fail to publish.

Where data is available, because the standard does not specify definitions, different banks use different definitions of tax, turnover and profits. For example, per Murphy et al. (2019), under 'tax on profit or loss', some banks report tax paid, while others report tax accrued.

Further, because there are no reporting standards, banks may have adopted different approaches to producing their figures. García-Bernardo, et al. (2021) in their discussion of CbCR data for other large MNCs for example, warn that some forms of profit might be counted twice in the form of intercompany dividends, and the treatment of intercompany transactions generally is very unclear in CbCR reporting generally. Some banks take a 'bottom up' approach to producing their figures which double counts revenues and profits where there are intragroup transactions (Murphy, 2016) while others take a 'top down' approach which is more likely to show the impact on the group as a whole of transactions in specific geographic regions.

Again because of a lack of reporting standards or oversight, banks are able to present the figures in ways which can obfuscate reality. For example, Fatica and Gregori (2020) find that some banks are reporting turnover or profits where there are no employees in a jurisdiction without explanation, while in other cases turnover, profits, taxes and staff from multiple locations are combined into a single 'Other' category without further explanation. This other category has the potential to be ill-used. For example, in the limited country-by-country reporting provided by the mining company Anglo-American in their 2019 accounts, the use of an 'other' category which was not explicitly listed within the accounts indicates that that firm accrued negative tax of $20,300,000 in the combination of countries grouped into 'other' (Anglo-American, 2020. This data is published under the separate Extractives Industries Transparency Initiative (EITI) rather than CRD IV). Banks have taken this approach too – as Bouvatier et al. (2019) note, UBS only reports figures for EU countries, not including its headquarters of Switzerland. UBS' disclosure report for 2020 (released after Bouvatier et al.'s analysis), does include and Switzerland, but not other countries outside the EU (UBS, 2021).

3.2. Evidence from the data

Despite these flaws, a number of researchers have taken on the methodological challenge involved and begun to derive a picture of the scale of tax avoidance by European banks. The research suggests significant evidence of tax avoidance, and of responses to CbCR by banks forced to disclose.

At least five academic databases of the CbCR data are known to exist: one put together by Bouvatier et al. (2019); one by Brown et al. (2019), one by Dutt et al. (2019), one by Fatica and Gregori (2020), and one managed by one of the co-authors of this paper, Janský (2020). As of 2021, the EU Tax Observatory, as an EU-funded, independent research laboratory hosted at the Paris School of Economics, has also collated and begun reporting on this data (Barake et al., 2021). Each of these analyses finds significant evidence of profit shifting and tax avoidance, as well as the use of tax havens, by European banks. For example, Fatica and Gregori (2020) find that 21 % of reported profits are shifted to tax havens, and 51 % of tax revenues in havens would not exist if they were not tax havens. Similarly, Brown et al. (2019, p. 106) find that "EU banks report significantly higher profit margins, turnover per employee, and profit per employee, and lower book effective tax rates for operations located in tax havens, relative to non-tax havens." These findings align with analyses of other CbCR datasets, for example Garcia-Bernardo and Janský find shifting of US$1tn of large MNCs' profits to tax havens, resulting in net losses of US$200-300bn tax revenues worldwide by analysing aggregated CbCR data from the OECD (Garcia-Bernardo & Janský, 2021), or multi-jurisdiction analyses finding significant mismatches between profits, employees and tangible assets for large multinationals (Fuest et al., 2022) and other evidence of real economic activity (Garcia-Bernardo, Janský, & Tørsløv, 2021). The EU Tax Observatory concludes that "The main European banks book EUR 20 billion (or 14 % of their total profits) in tax havens each year" and "the profits booked in tax havens are primarily shifted out of other countries where service production occurs"

(Barake et al., 2021, p. 3).

The evidence that banks have responded to CRD IV requirements by reducing their use of tax havens and tax avoidance strategies is not so clear cut. Overesch and Wolff (2018) find that effective global tax rates of European banks increased after the introduction of CbCR when that of non-European banks and other kinds of multinational firms did not. In their analysis, banks in Europe with higher exposure in tax havens saw a bigger increase than those who had less activity in those locations, indicating a response to transparency suggestive of pre-existing tax avoidance. Although Joshi et al. (2019) do not find the same impact on tax rates in their analysis, they do find evidence of a reduction in tax-motivated income shifting after the introduction of CbCR. The results of similar analysis by Dutt et al. (2019) are suggestive of a zero response in their full sample of financial institutions headquartered in the EU, but they find that the investor reaction is slightly more negative for banks engaging in selected tax havens and slightly more positive for banks with a below-average share of institutional investors. They conclude that investors anticipated a simultaneous reduction in banks' tax avoidance opportunities and in information asymmetries between managers and shareholders, implying both negative and positive stock price reactions which offset each other on average. The EU Tax Observatory has found that banks use tax havens significantly, and that there has been no change in their use of these since 2014 (Barake et al., 2021), indicating that if any change did take place it was prior to the introduction of CbCR.

4. Benefits of CRD IV CbCR data publication

This section discusses the five benefits that have been delivered by CbCR in detail: that it has provided evidence, it has not realised purported costs, it has directed us towards better ways of writing standards, it has helped us towards trust, and it has reduced tax avoidance.

4.1. Provision of evidence

The first benefit from the publication of the CRD IV CbCR data is that we now have necessary evidence to begin to answer (some of) the questions about tax avoidance within the literature. Previous writing on tax avoidance largely describes the world using proxy data or without reference to data at all. As Evers et al. (2017, p. 8) say: "As a prerequisite for a CbCR to be meaningful at all, the expected benefits of any additional disclosure of tax information have to outweigh the expected costs. Yet, to date, little is known about the exact costs and benefits related to CbCR." This approach is entirely understandable: in the absence of data which actually shows how profits and revenues align with taxes paid on a country-by-country basis, the literature has focussed on the evidence that is available. The provision of CbCR data for European banks has enabled a more informed conversation.

Because the previous literature has relied on weak proxies for measuring tax avoidance, it was too open to methodological criticism. This gave rise to two problems.

Firstly, no consensus understanding could be reached among academics and professionals on the basic reality of whether companies were avoiding tax. This disagreement on the facts prevents the discussion moving forward productively. Unless detailed company tax returns are made public in future (which seems unlikely), we will always rely on proxies in this area, but the provision of CbCR data has enabled us to develop much better proxies, allowing us to construct a more robust picture of MNC behaviour and to see that tax avoidance is a real phenomenon. This enables campaigners to universalise case-study based approaches which demonstrate the harm done both to nations where tax is avoided and to those which set low tax rates to attract tax avoiders (For examples of such case study approaches, see Killian, 2006; Otusanya, 2011). The ability of states, especially developing states, to check tax avoidance behaviour by individual action is limited (Borkowski, 1997; Sikka & Willmott, 2010) but this stronger cross-national picture of the existence and harms of tax avoidance enables transnational actors, often from civil society, to shift the balance of power in accounting developments away from the interests of market actors who already hold power and towards a form of capitalism more cognizant of social democracy and social justice (Crawford, 2019). This realises the potential progressive tendency of transparency noted above to enhance and foment struggle against exploitative status quo. Because these accountings can then impact behaviour (Killian & O'Regan, 2020), the impact overall in the short-term should be emancipatory.

Secondly, the disagreement in the academic world leads to a broader lack of understanding and trust in the public sphere. As Stone (2019, p. 1136) puts it: "The paradox of scientific consensus is that while scientific communities can comprehend the nuance of uncertainty, the public are less likely to be concerned about an issue when consensus is lacking, or data is highly contested. The cause of, and solution to, conflict is highly contested." In this sphere, this has led to a lack of trust not just in the behaviour of MNCs and nation states, but perhaps more problematically in the academic and professional 'experts' who might be expected to provide a fact-based view of reality to civil society, news organisations, and the public.[12] This is part of a wider concern about the degradation of trust in expertise, and does not mean to imply that academics need always agree to be taken seriously. But the addition of direct evidence to a question where previously only indirect evidence has been available can only be valuable in helping to move the conversation forward. It is important for critical accounting to remain reflexive (Gallhofer & Haslam, 2019). At the same time, if emancipation is to be a progression rather than a revolution then some understandings of the world, once established, will need to be accepted as a groundwork for other activity, if we are to be able to move on to considering how we might build on and enhance emancipatory

[12] One might argue that a lack of trust in the behaviour both of MNCs and revenue authorities is a reasonable response to the reality of the global tax settlement and MNC tax behaviour. The spread of this mistrust to academics and other experts who civil society relies on for a fact-based view is more concerning.

developments over time. A lack of consensus in the expert position on the existence of tax avoidance necessarily reduces the pressure to struggle against tax avoidance, stalling the conversation at the status quo, an inherently conservative outcome.

The summary of the evidence appears to be that tax avoidance is very much a real and expensive problem, at least among multinational Europe-based banks. The reflection of that reality has enabled civil society actors like the Tax Justice Network and others to pressure MNCs and tax authorities for change, leading in part to new legislation recently accepted by the European Parliament for wider tax transparency measures (Tax Justice Network, 2021). The question now moves onto what response (if any) is appropriate: and whether nation states or MNCs bear the responsibility to reduce tax avoidance by MNCs.

4.2. Unrealised costs

A second benefit of the CbCR data so far is that it has demonstrated that many of the costs of publication postulated in the literature and by some MNCs in legislative consultation (OECD, 2014; Procházka, 2020) before publication was required do not appear to have materialised. This can give us some confidence that the costs of wider (and higher quality) publication requirements are unlikely to be as onerous as some have feared – and even if some costs do materialise that they are being borne by the right actors, given the costs of tax avoidance to the public good. The costs that do not yet appear to have materialised can be broadly categorised as: compliance costs; disclosure costs; over-auditing/investigation costs; and an increase in tax avoidance. We will deal with each in turn, though it is worth noting that in many cases, little public conversation has been had about these costs, and nor has there been much attempt to research them.

4.2.1. Compliance

Compliance costs are the costs to MNCs of pulling together the information which they are required to publish. Cockfield and MacArthur (2015), Oats and Tuck (2019) and others summarise these costs as those required to collect, collate, and publish the data, which might not have been collected in an easy-to-access form in firms without the requirement of the standard. Costs identified could also include the costs of auditors' work providing assurance over the figures, especially where they are included in with the main financial statements. Hanlon (2018, p. 9) gives estimates of costs from interviews with multinationals ranging from a few hundred-thousands to "$3-$5million": this value is presented as high within that paper, but even $3-5million is within the scale of a rounding error in the accounts of a multinational banks like Santander or HSBC. Such high costs were additionally associated with investment in new financial systems, an investment that almost all multinationals are already making as part of their digital transformation plans. As far as we are aware, no one has made a study of how much European banks have actually had to pay to publish this data – such an estimate would be very valuable in this discussion.

However, it is fair to say that the costs cannot have been too extraordinary: firstly, as Cockfield and MacArthur (2015) point out, most firms have to collect this data to report to local tax jurisdiction or for internal management purposes. In one of this paper's co-author's experiences of implementing data extraction across a wide variety of audit engagements, most modern ERP systems used by MNCs have functionality that makes it reasonably straightforward to run reports within companies which can provide a geographical split of revenues and costs (from which profits before tax could be calculated). Each company will also have a record of its taxes paid and accrued in each jurisdiction from its tax returns. So while it is not no work, suggesting that there would be a significant, costly, new data collection exercise does not seem reasonable. This cost should be decreasing as MNCs increasingly invest in data analytics and data-driven management information systems. While many MNCs responding to the OECD's discussion draft on country-by-country reporting did state concern that implementation costs would be high, there was recognition that any costs would likely be one-off (OECD, 2014). Additionally, Chatzivgeri et al. (2020) report that in their interviews with industry insiders some of the costs quoted for implementing CbCR under the OECD Action 13 BEPS initiative were described as 'extreme' and 'extrapolated'; it would be reasonable to expect the same 'extrapolation' is in evidence in the above-quoted costs for bank CbCR reporting. Partly as a result of the above consultation, MNCs in all sectors above €750million are now required to produce this information and provide it privately to the nation state where they are headquartered under BEPS Action 13 of the OECD/G20 Base Erosion and Profit Shifting Project (OECD, 2015). This reduces the compliance costs to businesses of publishing this data to the relatively trivial cost of preparing tables for publication.

The concern about compliance costs reflects a deeper tension within the conversation on tax avoidance about who can legitimately be asked to bear the burdens of preventing non-compliance. A traditional shareholder focussed accounting view might argue that firms can reasonably argue against having to bear these costs because of the fiduciary responsibilities they owe to shareholders to reduce any costs, including those associated with transparency mechanisms aiming to provide information to other groups. Under this framing, we might ask why the groups who are supposed to be served by enhanced transparency should not bear those costs themselves.

By the standards of an emancipatory accounting though, MNCs are the structures responsible for international global tax avoidance: an exploitative system which deliberately and directly leaves those affected without the resources to challenge the exploitative behaviour. It is a further form of exploitation to require the wider publics who experience the negative outcomes of tax avoidance to bear the total costs of compliance, especially when those publics already contribute to the costs of compliance by the taxes they pay towards revenue authorities, often at higher rates than corporations pay on their profits. Requiring MNCs to bear the costs of compliance thus is in itself progressive as it shifts the burden for reducing exploitation away from the exploited and onto the exploiting parties, requiring those with power to demonstrate that they are using it responsibly or risk sanction. The indications above that these costs are not unbearable to MNCs, combined with the emancipatory benefit of requiring MNCs to be part of a system for preventing avoidance, is indicative of the emancipatory impact of this standard in this context.

4.2.2. Disclosure

A second posited cost of this kind of publication is the cost to MNCs of disclosure: that is, the concern that by revealing their country-by-country revenues and profits they face revealing commercially sensitive information. This commercially sensitive information is thought to include, for example, the existence of unusually high-margin markets (Cockfield & MacArthur, 2015), the presence of operations in certain jurisdictions, or other similar information.

There are two issues with this cost. Firstly, once again, no evidence has emerged of MNCs suffering any infringement of commercial confidentiality through the disclosure of CbCR data so far. This is once again a gap in the literature which would provide useful information to scholars of tax avoidance. Absence of evidence of course is not evidence of absence, but one would expect MNCs to be providing examples of this outcome in lobbying against further transparency standards, and there is no evidence from e.g. consultations on the new EU Directive on CbCR that they have done so (European Commission, 2015).

Secondly, on considering the data required, it is hard to imagine how such high-level figures which generally become available several months after the period to which they relate could in any way risk genuinely confidential information. While a firm might well be hurt by a competitor moving into a highly profitable market the existence of such a market cannot be truly said to be 'confidential', and its existence could be predicted by many means other than country-by-country reporting. Firms might well want to keep uncompetitive markets to themselves, but this desire does not make the knowledge of those markets the intellectual property of those firms. Competition is generally understood to be good for the market – indeed the ability to prevent competition by hiding this kind of information might be seen as exploitative as it produces artificial price pressure and reduces the options available to consumers. Further, rather than seeing such markets as commercial secrets, firms regularly call out their highly profitable geographies explicitly within their annual statements to indicate to shareholders that they are a safe investment. Similarly, by the time a company has established operations within a jurisdiction, there are a wide variety of ways in which competitors are likely to have already learned of that presence (for example, through recruitment drives or through market analysis of e.g. publicly available property purchase information).

By helping to demonstrate the unlikeliness of true commercial confidences being revealed by CbCR, the standard has helped to remove a layer of obfuscation used by MNCs to reduce pressure for greater transparency and thus behaviour change. This enhances the tension between publics concerned about tax avoidance and MNCs, potentially increasing the pressure for emancipatory change.

4.2.3. Over-auditing or increased tax expense

A third cited cost of CbCR data is the risk that companies will face increased attention from tax authorities as a result of the data. Hanlon (2018) outlines the concern expressed by MNC executives: that corrupt or incompetent governments will use CbCR data to improperly or indeed fraudulently attempt to claim further income from MNCs in light of the CbCR data. This is specifically a concern voiced about the more detailed OECD private CbCR requirements. Framed in this light, MNCs are making a claim that CbCR data is a regressive measure, enhancing the power of a coercive nation state against the legitimate interests of their owners and staff to engage in transactions in the market without unnecessary interruption or interference. This takes a classical view of liberty as the liberty of private interests against the state, where the state is seen as the nexus of coercive power. In this space, there is simply not yet sufficient evidence to say whether the concerns of Hanlon's executives have been realised (Hanlon, 2018) – it will be interesting to see if this impact becomes visible from the OECD's review of CbCR, but the authors of this paper are not aware of any such response to the public CbCR publications under CRD IV.

Concerns about over-auditing might be seen as overwrought however, in light of other evidence indicating that the real problem is under-scrutiny of MNC tax affairs by tax authorities and investors alike. In this context the revenue authority is the locus of power and the MNC is the exploited or alienated subject, with this narrative used as a tool to establish liberty for that subject. However, there is little evidence that companies are overaudited or that transfer pricing rules are used as a way to extract money from 'soft target' MNCs. Instead, it is clear that many MNCs systematically abuse transfer pricing regulation and see the low risk of detection as allowing them to treat transgression as an acceptable business risk (Sikka & Willmott, 2010). Indeed, evidence suggests that tax authorities generally lack the resources to check abusive tax practices (in part an ironic effect of reduced revenue as a result of tax avoidance) (Sikka & Willmott, 2010). On the basis of the evidence then, the reality is better described by a view which recognises the contribution of Marx in identifying the concentration of power in the hands of those who own and run MNCs. Further than this, a post-Marxist, post-structuralist analysis enables us to recognise that claims about over-audit are a way of shaping the discourse, aiming to prevent the development of legal and community norms which interfere with the ability of MNCs to behave in ways that serve their interests while harming the interests of others, including revenue authorities.

In this space, it is especially important to consider the 'institutional' trust taxpayers place in revenue authorities as well as the 'social' trust in other (corporate) taxpayers (Gribnau & van Steenbergen, 2021).[13] MNCs might fear over-audit by tax authorities, given the impact of investigations on productivity, the competitive disadvantage of having to serve audit requests while also running a business, and the risk of being inaccurately found to be non-compliant, as well as the impact on share prices and consumer confidence if a business is known or rumoured to be under investigation. But those authorities have a duty to other taxpayers to maintain trust that they do not under-audit those same companies, that every one is paying their 'fair share'. Revenue authorities must balance competing claims of exploitation in order to act progressively, and this involves weeding out false claims of subjugation by actors who in reality wield significant power.

[13] We are grateful to Hans Gribnau for bringing our attention to this distinction in different forms of trust in the tax transparency space.

The problem for all taxpayers here is the risk of unscrupulous competition with insufficient oversight from tax authorities and shareholders alike. Edgley and Holland (2021) demonstrate how the construction of tax accounting as particularly complex (and 'dull') has disincentivized management and shareholders in MNCs from taking a detailed interest in their tax affairs, increasing the risk of non-compliance and misleading disclosures. This point is emphasized by Francis et al. (2019) work demonstrating that as companies increase spending on 'tax planning', they also increase the volatility and unpredictability of earnings, taxes and revenue. Further, D'Ascenzo (2015) demonstrates the value that a 'firm' and reliable tax authority can have, both in improving firm behaviour and building trust in democratic processes. Firms benefit from stable, well-regulated states with predictable, common standards, if only because they reduce the risk of costly reputational battles (Chatzivgeri et al., 2020). On this basis, firms who are responsible taxpayers should not fear overaudit, they should rather fear the underaudit of competitors who are engaged in tax avoidance. As such, arguments about overaudit should be recognised as an attempt by an already powerful minority interest to restrict activity in support of the common good, and evidence allowing us to reject such concerns in this context is therefore supportive to emancipatory advocacy.

4.2.4. Increasing tax avoidance

The final expected cost from the publication of CbCR data is that it will both set a norm and act as a guide towards tax avoidance – one of the regressive risks of transparency discussed in the theoretical framework above. Cockfield and MacArthur (2015) argue that, by making the 'savings' available to firms from tax avoidance visible, public CbCR will likely make tax avoidance more appealing to both firms and shareholders. Datt (2014) argues further that management would be breaching their duty to shareholders if they didn't seek to use all legal means available to reduce tax as a business expense: within a context of transparency data this would imply firms should increase tax avoidance behaviour on becoming aware that their competitors are engaging in it through CbCR publications. A salutary example here comes from increased transparency over executive pay: rather than restraining pay increases, increased transparency seems to have accelerated them (Harvey et al., 2020). In part, this is likely to be because transparency without accountability is toothless, while data gathering and presentation can shape realities in unexpected ways (Flyverbom, 2015; Harvey et al., 2020).

Fortunately, the evidence summarised above indicates that the pressures against tax avoidance from greater transparency seem to be more powerful than those which would incline MNCs towards greater avoidance. As the evidence above indicates that CRD IV and other measures has led to a decrease in tax avoidance by MNCs it looks like this fear is not well-grounded.

In future, it may become clear that firms' strategies on tax avoidance diverge in the face of greater transparency: that some firms move away from avoidance for reputational benefits while others double-down and form a corps of companies learning from each other's example as made visible by CbCR data. This should be expected as one of the potential regressive impacts of the potentially emancipatory policy (Chatzivgeri et al., 2020). It will be important for scholars of tax avoidance to pay particular attention to the risk of 'backsliding' as future transparency initiatives are implemented in this space. A silver lining may be that in this case, the same transparency providing the guide to tax avoiders would also act as a highlighter to tax authorities, indicating the most fruitful subjects for investigation. Nonetheless, this area is one of the most vulnerable for transforming CRD IV into a regressive intervention and thus theorists of emancipatory accounting would do well to review this again in future.

4.3. Good quality requirements

A third benefit of the CRD IV requirements is that they have effectively functioned as a pilot for CbCR requirements generally, allowing us to iron out issues by implementing the requirement on a small, low-risk subset of the market. The concept of a 'pilot' is one which is not well discussed in the emancipatory accounting literature, but one that naturally supports the idea of incremental progressive change expounded by Cockfield and MacArthur (2015). A pilot allows for a trial of a standard to be implemented and for evidence about real world impacts to be collected before progressing to wider implementation. Thus, real-world up- and downsides can be assessed, and negative outcomes addressed before wider implementation, to avoid regressive or exploitative consequences of immediate rollout of changes. In this case, the structure of CRD IV as a 'pilot' implementation of CbCR has enabled us to see how and where the standard is weak but in a contained way which has limited impact on the public understanding of tax transparency. This in turn enables the creation of better future standards while reducing the chance of realising the regressive risks of transparency standards outlined in the theoretical framework.

One concern about tax transparency requirements has been that they could lead to misleading data, and an overload of incomparable and unenlightening data (Evers et al., 2017; Johnston, 2015; Oats & Tuck, 2019). Indeed, there is already some evidence than MNCs who face mandatory disclosure requirements will aim to take the 'sting' out of disclosure by voluntarily disclosing more than is required in order to hide reputationally damaging information in mandatory disclosures (Kays, 2022). The very fact of incremental introduction of CbCR standards separately in specific industries has also been flagged as a risk that incomparable standards might develop in different areas, defeating the aims of the project in practice (Baudot et al., 2021).

The CbCR requirements under CRD IV have to some extent confirmed these fears were well-grounded: as discussed above, the data available is confusing, inconsistent, and not very useful to any stakeholder seeking to properly assess the behaviour of individual firms. In part, this is because the requirements were designed this way. The process of standard creation is one heavily mediated by expert lawyers and accountants who have generally developed into experts on tax law through working with and for large companies most likely to be affected by CbCR requirements (Chatzivgeri et al., 2020). Had the standard been adopted widely across industries, there is significant risk that it would have left the public feeling that action had been taken on tax avoidance without really changing the way multinationals paid tax, it could have reduced public appetite for conversation about tax avoidance because of an inundation of unhelpful data, and it could have provided a positive 'façade' for a wider variety of MNCs seeking to hide their avoidant behaviour

behind misleading publications.

The finding that these standards are poorly designed enables civil society and others to challenge this body of expert knowledge and specify strengthening provisions which shape more progressive future standards, while significantly limiting the negative impact of those poor standards themselves. This demonstrates that Cockfield and MacArthur (2015) were prescient in arguing for incremental change rather than revolution in this space – the impacts of changing tax regimes in the absence of clear information about company behaviour could have been significant and unpredictable, and such consequences could then have been used as an argument for rolling back transparency. Instead, these requirements have come as part of a longer-term process (Cobham et al., 2018), beginning with EITI requirements on extractive industries, before developing into the CRD IV requirements.

By taking a small step towards transparency – in one reasonably secure industry, above a high size threshold, in a comfortably profitable market – we have identified pitfalls of poor requirements and identified examples of best practice without imposing costs on the entire market. This has enabled us to achieve the other benefits identified here without the costs which banks and stakeholders have undoubtedly faced as a result of the poor quality of the standard, making CRD IV an excellent example of an "incremental trajectory of change" as described by Lounsbury and Schneiberg (2008, p. 651).

This is leading to the development of better quality, and potentially more widely applying future requirements. The poor quality of the drafting and adoption process of the CRD IV requirements has led to predictably poor outcomes, and serves as an example we can learn from. We know now, for example, that any standard in this space will need to take account of the difference between accounting standards and definitions and those which are relevant for tax. The hegemony of private sector legal and accounting tax experts can be challenged, and the needs of wider stakeholders substituted when considering quality requirements.

The lack of rigour in the given standard has also led to the development of good practice in some companies' returns, for example HSBC has developed and provided reconciliations between its headline accounting figures and those presented in its CbCR disclosures. This good practice, where it exists, can be built into future standards with confidence that disclosure of this type is both possible and not prohibitively costly to MNCs.

We are already able to see this benefit in practice. Standards in other transparency regimes and industries, as well as the adoption of CbCR under the Portuguese Presidency of the European Commission, and shifts in the focus of civil society campaigns, suggest strongly that some of the lessons of CRD IV have been learnt. For example, the Global Reporting Initiative has released a (voluntary) standard on tax transparency including country-by-country reporting which includes clear definition of terms, a requirement to reconcile to the published financial statements, and other clarificatory measures (Global Reporting Initiative: 207 Tax, 2019). Their summary of evidence pulled together from stakeholders in drawing up the standard demonstrates a clear interest in participants in going beyond the requirements of the OECD's private country-by-country reporting to address the weaknesses of CRD IV (Global Reporting Initiative, 2019). Similar requirements are already included in the Australian Tax Transparency Code (Müller et al., 2020). By enabling a 'pilot' of mandatory public CbCR, the CRD IV requirement has helped point the way from the extensive private CbCR now required by the OECD and the various voluntary standards towards widespread mandatory public CbCR from all MNCs.

The incremental nature of CRD IV has therefore itself helped support the progressive impact of the standard. Despite the poor quality of the standard itself, and the risks that entails of an obfuscatory and regressive change, the limited nature of implementation has given further ammunition to parties demanding more emancipatory change, without enhancing the position of those seeking to roll back transparency arrangements.

4.4. Delivering enabling accountings

A further benefit of CbCR data is that it has helped us see a clearer way to delivering more enabling accountings reflective of a non-exploitative international tax system, by directing us towards the pre-requisites for trust in multinational tax behaviour.

Firstly, it has helped demonstrate that the lack of trust in this space is well-placed, in both revenue authorities and MNCs, by demonstrating that the reality of international taxation is that it is unjust and exploitative. Second, it has avoided the inappropriate development of a 'false trust' in MNC tax behaviour. And finally, it demonstrates that the way to deliver an enabling accounting of international taxation is not to restrict the available information but to increase the provision of clearly understandable information and decrease the incidence of tax avoidance, so stakeholders can know that MNCs are behaving appropriately and that their governments are responding appropriately to abuses.

One of the criticisms levelled at the provision of CbCR data has been that it may lead to decreased trust in MNCs and governments, as stakeholders (especially the public) come to understand or misunderstand tax behaviour through the data (Oats & Tuck, 2019; Pesci et al., 2020). It is probably fair to say that the CbCR data has not led to increased trust in MNCs – it is hard to see how it could, given the evidence it has revealed about the levels of tax avoidance by European banks. It also hasn't ushered in a climate of trust for governments on their treatment of MNCs within the tax regulations. But a decrease in trust is not a bad outcome per se; appropriate trust requires not just appropriate information but also appropriate behaviour (Boden et al., 2010; Edgley & Holland, 2021; Harvey et al., 2020; Pesci et al., 2020). We can see this from accounting scandals: it was inappropriate for stakeholders including shareholders, customers, creditors, and the public to trust Patisserie Valerie or Wirecard. The financial statements prepared on a going concern basis for these companies provided a feeling of trust to all of these stakeholders which was wholly inappropriate. The auditor's report added to this picture. If the published information had reflected the reality then stakeholders would not have trusted the going concern status or management integrity of Patisserie Valerie or Wirecard, and they would have been right not to.

On CbCR, the fact that data provision may undermine trust in MNCs and governments then seems entirely appropriate: in so far as evidence suggests MNCs are engaging in tax avoidance, we should not want stakeholders to trust that they are not. And in so far as governments are failing to carry out the wishes of the majority of voters in establishing anti-avoidance tax regimes, they should not be

trusted on this issue by those voters. So, the first benefit is that the provision of this data allows stakeholders to align their perceptions more with the reality, one of the core functions of financial information (ter Bogt & Tillema, 2016).

Secondly, the weakness of this standard has also defused a potential risk in this area, the risk of the development of 'false trust' in MNCs, based on the construction of disclosures which obscure socially harmful tax behaviour. Both Johnston (2015) and Gallhofer, Haslam, and van der Walt (2011) describe the risk that companies may put together entirely compliant and above-board disclosures given the stamp of propriety and authority by the professional expertise brought to bear in creating them and the institutional standing of the regulators demanding them, even where those disclosures cover exploitative and corrupt behaviour. Chatzivgeri et al. (2020) highlight to the risks of standards being produced through a process of regulatory capture and the false trust this can engender. Avoiding this requires not only a well-engaged civil society (Johnston, 2015; Pesci et al., 2020) but also a reflexive critique of the institutions and professions which grant disclosures legitimacy (Chatzivgeri et al., 2020; Gallhofer & Haslam, 2019; Killian & O'Regan, 2020). The poor quality of the CRD IV standard, and the good quality work of a broad range of stakeholders in critiquing it (see, for example, Cobham et al., 2017), has removed almost entirely the risk that the public might be misled into granting MNCs and states a trust that they have not earned off the back of such disclosures.

Thirdly and finally, there has been a highlighting of the poorly drawn nature of the standard for data provided by CRD IV, which in itself demonstrates the axes of exploitation in tax avoidance, helping us to shape a less exploitative future reality and identifying the information that would need to be provided to create and sustain that reality. The loose requirements of CRD IV and resulting inconsistency in reporting under it have led to a lack of clarity over the precise size, locations, and directions of tax avoidance activities by MNCs. Though we have a good idea of the overall shape of the picture, the specific values of tax avoided or profit shifted cannot be reliably and accurately estimated. MNCs have significant discretion in how (and in some cases it seems whether) they prepare and publish this data. This muddiness points directly to ways to make the data more useful: well-drawn, consistent and consistently enforced standards which deliver comparable, timely, and comprehensible data. In other words: a post-alienation accounting for international tax will be necessarily supported by much more detailed, specific, and well-constructed transparency regulation.

A standard which required MNCs to publish complete data (i.e. a full split of countries, no more 'other' category); consistent definitions of revenue, profits, and taxes; and a reconciliation of the tax figures to the published accounting figures would provide a much clearer picture. With such data, a shareholder or creditor could adequately assess their investments for tax avoidance risk. Tax authorities would have a much clearer view of how effectively their regimes were working. Transnational civil society groups would be better able to see which tax regimes and MNCs they should focus their efforts on to challenge tax avoidance, and publics would be better able to put pressure on their own tax authorities, as well as make consumer decisions about purchasing from or associating with MNCs. The provision of this information would allow the market to reward companies whose tax payments reflect their underlying business realities, reducing deadweight loss and uneconomic profit shifting. The ability of MNCs to 'camouflage' their activities (Kays, 2022; Pesci et al., 2020; She & Michelon, 2019) would be significantly reduced.

This helps us to build a picture of the outcome we are aiming for with the next version of emancipatory accounts: for MNCs to avoid tax avoidance; for states to prevent, detect, and challenge avoidance; and for stakeholders to have the information to see that they are doing so. In other words, for the reality to be improved and for stakeholders to have visibility of that improved reality. It is a legitimate criticism of tax transparency efforts that the public will struggle to understand the data on tax transparency in its current state, but it is patronising to imply as Evers et al. (2017) do that publics and civil society cannot understand clear, comparable, data especially when it is presented and analysed by a variety of experts. It is even more patronising to suggest this of shareholders seeking to assess the risks of tax avoidance to their investments. This suggestion has the effect only of limiting the actors who are able to speak for themselves within the pluralist 'legitimate interest' (Gallhofer & Haslam, 2019) to those who are already fully engaged: tax and accounting specialists who take a "technocratic, pseudo-rationali[st]" approach to the issue (Boden et al., 2010, p. 541) and who form a self-reinforcing elite which benefits from and is not motivated to change existing corporate structures.

Tax accounting and financial reporting are complex, detailed subjects. But given financial statements are developed on the principle that they will be understandable to "users who have a reasonable knowledge of business and economic activities and who review and analyse the information with diligence" (IFRS Foundation, 2018), it seems reasonable to expect that country-by-country tax figures should be understandable to a similar user. Those users who are experienced at simplifying financial reporting information for more general consumption without losing truthfulness, for example market analysts and financial journalists, should then be well placed to similarly translate this tax information for a wider audience. This may enable a "genuinely aggressive transparency – accounting and auditing based on, and itself accountable to, wider social values and interests, coupled with active efforts to recruit citizen participation – [which] might ease the current malaise we see in many democracies: that sense that "nowadays politicians don't care about me", and that moneyed interests have too much power?" (Johnston, 2015, p. 100).

Thus, by enhancing trust deficits related to the tax behaviours of MNCs and national revenue authorities, the CRD IV standard has helped us to understand what wider publics will need to feel that they are no longer exploited by international tax structures, and thus to begin to envision the accounting we require to deliver and sustain a post-alienation international tax settlement.

4.5. Reduction in tax avoidance

The final benefit we have identified, and the one most immediately emancipatory, is that the introduction of CbCR publication appears to be reducing tax avoidance, especially when combined with other tools. This is supported with an increasingly large body of evidence such as Overesch and Wolff (2018, p. 3), whose analyses "support the view that tax transparency can be an effective instrument to limit tax avoidance of MNCs". Transparency is a form of power which has impacts (Flyverbom, 2015; Killian & O'Regan, 2020), and in this instance it appears to be effective at reducing tax avoidance through the use of tax havens and misaligning profits.

There are a number of mechanisms through which CbCR could be reducing tax avoidance – though it is important to note that CbCR is not the only pressure in this direction. The sustained campaigning of groups like the Tax Justice Network, and the regular public conversation about the issue prompted by leaks like the Panama and Pandora papers, LuxLeaks and similar, have all had a major impact on the direction of the conversation. In concert, these activities have enabled the development of several mechanisms for change. One is increased state activity: for example the introduction of the EU blacklist starting in 2017, which was introduced as part of a package of efforts against tax avoidance including CbCR and other transparency initiatives (European Commission, 2016). States are also taking action against individual corporations, for example France's actions against Facebook – driven in part by significant public unhappiness at mismatches between the publicly available information on profits earned and taxes paid in France.

Another is through reputational impacts on firms. Overesch and Wolff (2018), Müller et al. (2020), and Christians (2012) all theorise that firms may change their behaviour to avoid the reputational impact of being seen as tax avoiders. Joshi et al. (2019) do not find evidence that this is a statistically significant impact on tax avoidance, though they do find a reduction on income shifting. The development of new voluntary standards like the Global Reporting Initiative standard, and the increasing voluntary disclosure of country-by-country revenues, profits, and taxes suggests that some companies are seeking to benefit from the positive reputational (and investment) opportunities of transparency. This aligns with Müller et al. (2020) argument that well-behaved firms will be incentivised towards transparency to help them differentiate in a market where there is demand for this information. Voluntary transparency though is only an option where a firm can present disclosures which will have a positive impact on their reputation. The increasing presence of data in this environment creates momentum towards more widespread disclosure: this is likely to make firms who can safely do so seek to publish, while those who do not publish may increasingly come under suspicion as tax avoiders. Firms make disclosure choices as a result not just of regulatory requirements but also because of *realpolitik*; as the context changes so will disclosure choices (Gallhofer, Haslam, & van der Walt, 2011). We can expect as more transparency standards become applicable and further releases of previously hidden data are revealed that firms will choose different tax behaviours and disclosure options to safeguard their reputations.

In evidence of this, we can see some MNCs acting pre-emptively of expected transparency requirements. Of course, in the absence of transparency arrangements, it is tricky to analyse why particular companies are making particular decisions. But the decision in 2020 by Netflix to begin declaring its income from UK subscribers to UK tax authorities looks aimed to reduce the negative reputational impacts of being seen to avoid tax – especially in light of potential future transparency requirements discussed above. It is questionable how successful this is, given the public reaction to Netflix's payment of £4m in UK corporation tax on £1.15bn in UK subscriptions in 2020 (Guardian, 2021), but Netflix's move makes it harder for other digital firms to justify low tax payments in countries where they have significant revenue-generating business activities- but it does so because Netflix's move is a public one. Transparency and moves away from tax avoidance by one MNC sets norms for others. More widespread CbCR data would turbocharge this pressure, making it much harder for firms to avoid the reputational risks of secretive tax avoidance.

By increasing the contributions of MNCs to public revenues, we see the most directly emancipatory benefit of CRD IV: that powerful contributors are less able to exploit legal structures for their own interests, and that wider publics are able to benefit from the enhanced public money available to governments to spend.[14]

4.6. Summary of benefits and emancipatory impacts

The above discussion demonstrates that CRD IV has delivered all three of the progressive dimensions of transparency with which we were concerned, and has avoided or limited the regressive risks. By providing a clearer picture on the existence of tax avoidance, it has fomented the tension described above by providing evidence or narratives of exploitation which challenge existing hegemonies. By challenging the prevailing narrative that increased transparency is too costly, it has helped rebalance the struggle for a more just tax settlement by narrowing the discourse available to those engaging in tax avoidant exploitation. By putting pressure on banks, it has driven progressive behavioural change both through the reduction of tax avoidance and by helping to shape new standards and pressure for better standards. And by aggravating the trust deficit between the general public, banks, and revenue authorities, it has helped to shape the vision of what a post-exploitation international tax settlement might look like, while increasing pressure for such a settlement.

Simultaneously, by taking a pilot approach CRD IV has largely avoided falling into widespread regressive consequences, even while highlighting the very real risks of such regressive outcomes. The standard itself was adapted or implemented in context in ways designed to pervert emancipatory aims, including by creating false façades and 'auras' of emancipation. By only implementing the standard in a very narrow way, those flaws and failures have been limited in their impact but highly visible to critics, enabling a critique of the standardization approach which should help deliver better standards in future. Indeed, these flaws have meant that the standard did not drive just enough behavioural change by elites to reduce pressure for more radical change, subverting wider emancipatory projects: on the contrary further efforts towards better standardization appear recently to have had significant success.

There are still risks though, and the future of CRD IV will depend on how effective critics of the existing tax system are able to be in this evolving context. CRD IV still serves specific interests and not others, thus giving differential transparency and locking some

[14] Of course, the second half of this equation of emancipation is what governments choose to spend those tax revenues on, which can itself be highly regressive. There is perhaps an argument to be made that in reality there is a progressive opportunity in avoiding paying taxes to governments who spend those taxes in regressive ways and certainly regressive or corrupt spending by governments can reduce public support for the public systems of taxation, but that is outside of our scope in this paper.

legitimate interests out of the discourse. There is also still a risk that CbCR standards become normative, increasing exploitative behaviour as it becomes more visible. And there is more work to be done to see where the costs and benefits of transparency regulations fall in reality, to assess how progressive the standard is in its implementation as well as its broader effects.

5. Conclusions

In conclusion, it appears that the CbCR requirements under CRD IV have acted as an effective pilot of country-by-country reporting. This 'pilot' has had an initial emancipatory impact, by challenging regressive narratives around tax transparency which seek to preserve the exclusion of wider publics from the knowledge needed to challenge exploitative and alienating tax practices by MNCs. Seeing CRD IV as a small-scale pilot allows us to see the successes of the requirement despite the very obvious flaws in the directive and the publication that has arisen from it - to properly balance the progressive and regressive impacts. We now have good evidence to demonstrate the existence of tax avoidance by European banks, and that transparency measures when combined with other efforts like the creation of tax haven blacklists, leaks, and civils society pressure can reduce tax avoidance. We have good evidence that such transparency requirements do not impose the costs on business initially expected by critics of transparency. And we have seen the risks to corporate reputations and public understanding of transparency regulation which is not sufficiently precise, complete, and aware of the complexities of tax and financial accounting. More research is needed on the precise costs of CbCR, and into the relative effectiveness of more effective standards like the Australian Tax Transparency Code and (where implemented) the Global Reporting Initiative standard.

The full emancipatory potential of CRD IV though cannot rely on the measure itself: the value of progressive measures is in part dependent on their impact on wider progressive trends and on the context in which they exist. Each individual effort of emancipatory accounting takes place within a broader structure of tax justice (or injustice). It is essential to reflect that CRD IV exists within a global tax structure which has fundamental moral flaws, including for example the disproportionately low taxation of unearned wealth like gifts, inheritances, and unproductive capital price inflation, versus earned wealth. We must acknowledge that there are significant limits on what can be achieved to change these fundamentals with methods like transparency reporting such as CRD IV. It is therefore essential that academics and activists maintain the productive tension for transformation which continues to "challeng[e] problematic structures and open them up to change" (Chatzivgeri et al., 2020, p. 17). Otherwise, the impact of this change will become regressive over time, legitimizing a new status quo which maintains existing exploitative and unjust power relations with only minor cosmetic changes.

We can take confidence that the broader implementation of well-written country-by-country reporting requirements is likely to encourage MNCs to avoid abusive tax arrangements, and nation states to draft tax policies which their citizens and the global community feel are fair. The next stage is to implement such requirements. The true potential of CbCR will not be felt until it is implemented globally and consistently across industries (Murphy, 2016; Wójcik, 2015). Until this happens, there is significant risk that a patchwork of poor-quality provisions will develop which divert pressure for 'transparency' while delivering only confusion and an inability to hold MNCs or nation states accountable. At this moment, CRD IV CbCR requirements have had an emancipatory impact. If we are to sustain this impact accountants and others will need to engage in extending and improving these provisions to a much wider field.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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