

# GRI 207: Tax 2019

EFFECTIVE DATE: 1 JANUARY 2021

**TOPIC STANDARD**

# 207

# GRI 207: Tax 2019

## Topic Standard

### Effective Date

This Standard is effective for reports or other materials published on or after 1 January 2021

### Responsibility

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# Introduction

*GRI 207: Tax 2019* contains disclosures for organizations to report information about their tax-related impacts, and how they manage these impacts. The disclosures enable an organization to provide information on how it manages tax, and information about its revenue, tax, and business activities on a country-by-country basis.

The Standard is structured as follows:

- [Section 1](#) contains three disclosures, which provide information about how the organization manages its tax-related impacts.
- [Section 2](#) contains one disclosure, which provides information about the organization's tax-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments and additional references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of tax.

Taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries.

They are acknowledged by the United Nations to play a vital role in achieving the Sustainable Development Goals.<sup>1</sup> They are also a key mechanism by which organizations contribute to the economies of the countries in which they operate.

Taxes paid by an organization reflect that profitability depends on many factors external to the organization, including access to workers, markets, public infrastructure and services, natural resources, and a public administration.

Organizations have an obligation to comply with tax legislation, and a responsibility to their stakeholders to meet expectations of good tax practices. If organizations seek to minimize their tax obligation in a jurisdiction, they might deprive the government of revenue. This could lead to reduced investment in public infrastructure and services, increase in government debt, or shifting of the tax obligation onto other tax payers.

Perceptions of tax avoidance by an organization could also undermine tax compliance more broadly, by driving other organizations to engage in aggressive tax planning based on the view that they might otherwise be at a competitive disadvantage. This can lead to increasing costs associated with tax regulation and enforcement.

Public reporting on tax increases transparency and promotes trust and credibility in the tax practices of organizations and in the tax systems. It enables stakeholders to make informed judgments about an organization's tax positions. Tax transparency also informs public debate and supports the development of socially desirable tax policy.

### Country-by-country reporting

Country-by-country reporting involves the reporting of financial, economic, and tax-related information for each jurisdiction in which an organization operates. This indicates the organization's scale of activity and the contribution it makes through tax in these jurisdictions.

In combination with the topic management disclosures, country-by-country reporting gives insight into the organization's tax practices in different jurisdictions. It can also signal to stakeholders any potential reputational and financial risks in the organization's tax practices.

## System of GRI Standards

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts.

<sup>1</sup> United Nations (UN) Resolution, *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015. (See in particular Target 17.1: 'Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection,' under Goal 17: 'Strengthen the means of implementation and revitalize the global partnership for sustainable development.')

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in this Standard).

### Universal Standards: GRI 1, GRI 2 and GRI 3

[GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting [GRI 1](#).

[GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

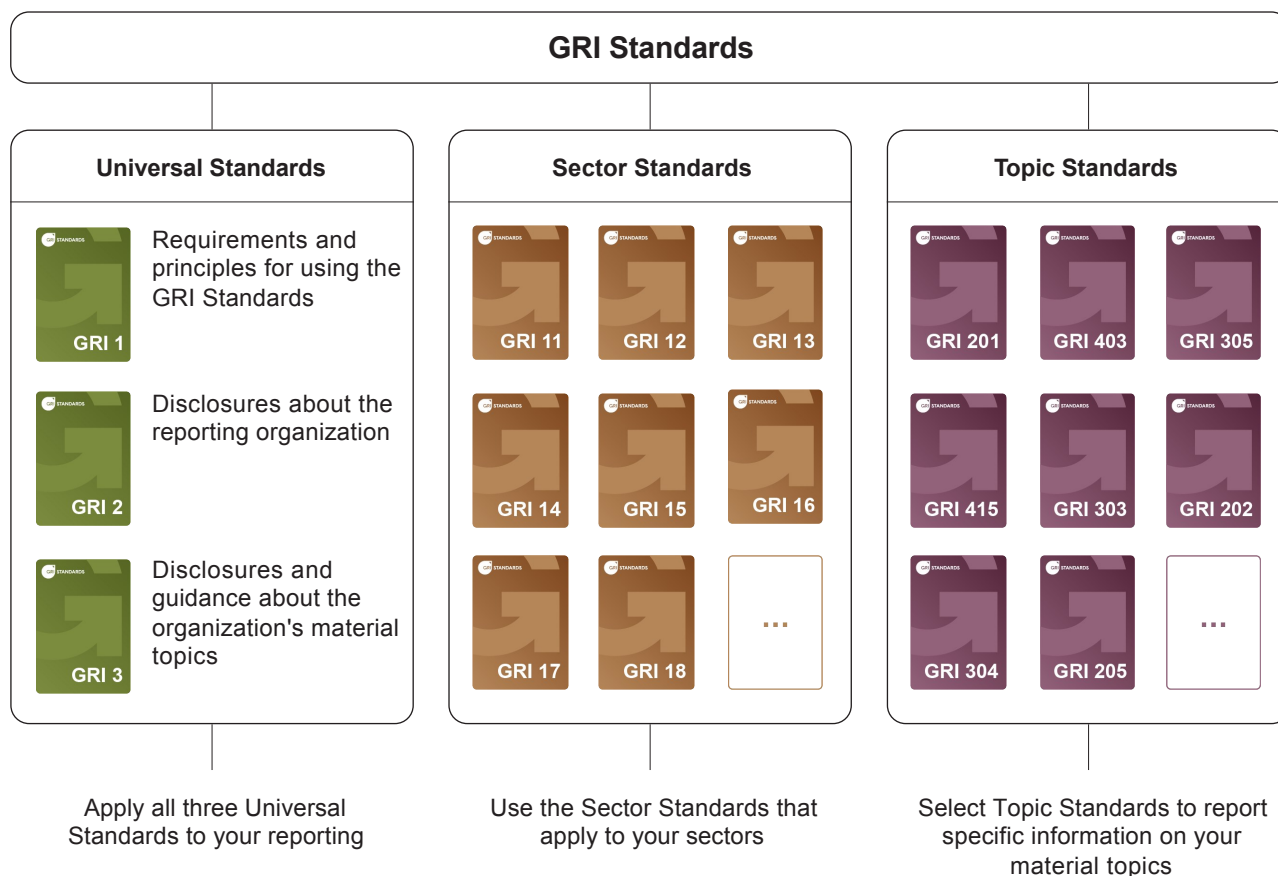
### Sector Standards

The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

**Figure 1. GRI Standards: Universal, Sector and Topic Standards**



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its tax-related impacts.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined tax to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's tax-related impacts (Disclosure 207-1 through Disclosure 207-4).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

If the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g., because the required information is confidential or subject to legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot comply with, and provide a reason for omission together with an explanation in the GRI content index. See [Requirement 6 in GRI 1: Foundation 2021](#) for more information on reasons for omission.

If the organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. The organization can explain the reasons for not having this item, or describe any plans to develop it. The disclosure does not require the organization to implement the item (e.g., developing a policy), but to report that the item does not exist.

If the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).

#### **Requirements, guidance and defined terms**

The following apply throughout this Standard:

Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must comply with requirements to report in accordance with the GRI Standards.

Requirements may be accompanied by guidance.

Guidance includes background information, explanations, and examples to help the organization better understand the requirements. The organization is not required to comply with guidance.

The Standards may also include recommendations. These are cases where a particular course of action is encouraged but not required.

The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined tax to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section). The organization is also required to report any disclosures from this section (Disclosure 207-1 through Disclosure 207-3) that are relevant to its tax-related impacts.

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

<b>REQUIREMENTS</b>	<b>1.1     The reporting organization shall report how it manages tax using</b>  <b><a href="#">Disclosure 3-3 in GRI 3: Material Topics 2021</a>.</b>
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## Disclosure 207-1 Approach to tax

### REQUIREMENTS

The reporting organization shall report the following information:

- a. A description of the approach to tax, including:
  - i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available;
  - ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review;
  - iii. the approach to regulatory compliance;
  - iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.

### GUIDANCE

#### Background

An organization's approach to tax defines how the organization balances tax compliance with business activities and ethical, societal, and sustainable development-related expectations. It can include the organization's tax principles, its attitude to tax planning, the degree of risk the organization is willing to accept, and the organization's approach to engaging with tax authorities.

An organization's approach to tax is often described in a tax strategy, but it could also be described in equivalent documents, such as policies, standards, principles, or codes of conduct.

#### Guidance for Disclosure 207-1-a

The reporting organization can illustrate its approach to tax by providing examples drawn from its tax practices. For example, the organization can provide an overview of its use of tax havens, the types of tax incentive it uses, or its approach to transfer pricing. These examples help demonstrate the organization's risk appetite and the tax practices deemed acceptable and unacceptable by the organization and its highest governance body.

#### Guidance for Disclosure 207-1-a-i

If the organization has a tax strategy but the strategy is not publicly available, the organization can provide an abstract or summary of the strategy.

If the organization has a tax strategy that applies to a smaller number of entities or tax jurisdictions than reported in Disclosure 207-4, the organization may report this strategy and list the entities or tax jurisdictions to which the strategy applies.

In addition to the overall strategy, if the organization has tax strategies that apply to individual entities or tax jurisdictions, the organization can explain any relevant differences between these strategies.

#### Guidance for Disclosure 207-1-a-iii

When describing its approach to regulatory compliance, the organization can describe any statements in its tax strategy or equivalent documents regarding its intention with respect to the tax laws in the jurisdictions in which it operates. For example, the organization can describe whether it seeks to comply with the letter and the spirit of the law. That is, whether the organization takes reasonable steps to determine and follow the intention of the legislature.<sup>2</sup>

#### Guidance for Disclosure 207-1-a-iv

When describing how its approach to tax is linked to its business strategy, the organization can explain how its tax planning is aligned with its commercial activities. The description can include any relevant statements from its tax strategy or equivalent documents.

When describing how its approach to tax is linked to its sustainable development strategy, the organization can explain the following:

- Whether it considered the economic and social impacts of its approach to tax when developing its tax strategy.
- Any organizational commitments to sustainable development in the jurisdictions in which it operates and whether its approach to tax is aligned with these commitments.

<sup>2</sup> Organisation for Economic Co-operation and Development (OECD), 'Taxation', *OECD Guidelines for Multinational Enterprises*, pp. 60-63, 2011.



## Disclosure 207-2 Tax governance, control, and risk management

### REQUIREMENTS

The reporting organization shall report the following information:

- a. A description of the tax governance and control framework, including:
  - i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy;
  - ii. how the approach to tax is embedded within the organization;
  - iii. the approach to tax risks, including how risks are identified, managed, and monitored;
  - iv. how compliance with the tax governance and control framework is evaluated.
- b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax.
- c. A description of the assurance process for disclosures on tax including, if applicable, a link or reference to the external assurance report(s) or assurance statement(s).

### GUIDANCE

#### Background

Having robust governance, control, and risk management systems in place for tax can be an indication that the reported approach to tax and tax strategy are well embedded in an organization and that the organization is effectively monitoring its compliance obligations. Reporting this information reassures stakeholders that the organization's practices reflect the statements it has made about its approach to tax in its tax strategy or equivalent documents.

#### Guidance for Disclosure 207-2-a

When describing the tax governance and control framework, the reporting organization can provide examples of effective implementation of its tax governance, control, and risk management systems.

#### Guidance for Disclosure 207-2-a-i

If the highest governance body in an organization is accountable for compliance with the tax strategy, the organization can specify the degree to which the highest governance body has oversight of compliance. The organization can also specify any accountability for compliance delegated to executive-level positions within the organization.

#### Guidance for Disclosure 207-2-a-ii

When reporting how the approach to tax is embedded within the organization, the organization can describe processes, projects, programs, and initiatives that support adherence to the approach to tax and tax strategy.

Examples of such initiatives can include:

- training and guidance provided to relevant employees on the link between tax strategy, business strategy, and sustainable development;
- remuneration or incentive schemes for the person(s) responsible for implementing the tax strategy;
- succession-planning for positions within the organization that are responsible for tax;
- participation in tax transparency initiatives or representative associations that seek to develop best practice around disclosures on tax or educate stakeholders on tax-related issues.

#### Guidance for Disclosure 207-2-a-iii

Tax risks are risks associated with the organization's tax practices that might lead to a negative effect on the goals of the organization, or to financial or reputational damage. These include compliance risks or risks such as those related to uncertain tax positions, changes in legislation, or a perception of aggressive tax practices.

When reporting on the approach to tax risks, the organization can describe its risk appetite and tolerance and provide examples of tax practices it has avoided because they are misaligned with its approach to tax and tax strategy. Risk appetite and tolerance indicate the degree of risk the organization is willing to accept in determining its tax positions.

When reporting how tax risks are identified, managed, and monitored, the organization can:

- describe the role of the highest governance body in the tax risk management process;
- describe how the tax risk management process is communicated and embedded across the organization;
- refer to any internal control frameworks or generally accepted risk management principles that are applied to tax.

**Guidance for Disclosure 207-2-a-iv**

When reporting how compliance with the tax governance and control framework is evaluated, the organization can describe the process through which the tax governance and control framework is monitored, tested, and maintained. An example of this is giving an internal auditor accountability for undertaking annual reviews of the tax department's compliance with the tax governance and control framework.

The organization can also specify the degree to which the highest governance body has oversight of the design, implementation, and effectiveness of the tax governance and control framework.

**Guidance for Disclosure 207-2-b**

One example of a mechanism for individuals to raise concerns about the organization's business conduct, or about activities that compromise the organization's integrity in relation to tax, is whistleblowing.

Disclosure 207-2-b is related to [Disclosure 2-26 in GRI 2: General Disclosures 2021](#). If the information reported by the organization in Disclosure 2-26 covers mechanisms used to raise concerns about the organization's business conduct in relation to tax, the organization can provide a reference to this information.

**Guidance for Disclosure 207-2-c**

Disclosure 207-2-c is related to [Disclosure 2-5 in GRI 2: General Disclosures 2021](#). If the assurance process for disclosures on tax has been completed as part of another assurance process, the organization can provide a reference to this information reported in Disclosure 2-5 or elsewhere.

## Disclosure 207-3 Stakeholder engagement and management of concerns related to tax

### REQUIREMENTS

The reporting organization shall report the following information:

- a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:
  - i. the approach to engagement with tax authorities;
  - ii. the approach to public policy advocacy on tax;
  - iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.

### GUIDANCE

#### Background

Organizations' tax practices are of interest to various stakeholders. The approach an organization takes to engaging with stakeholders has the potential to influence its reputation and position of trust. This includes how the organization engages with tax authorities in the development of tax systems, legislation, and administration.

Stakeholder engagement can enable the organization to understand evolving expectations related to tax. It can give the organization insight into potential future regulatory changes and enable the organization to better manage its risks and impacts.

#### Guidance for Disclosure 207-3-a-i

The approach to engagement with tax authorities can include participating in cooperative compliance agreements, seeking active real-time audit, seeking clearance for all significant transactions, engaging on tax risks, and seeking advance pricing agreements.

#### Guidance for Disclosure 207-3-a-ii

When reporting the approach to public policy advocacy on tax, the reporting organization can describe:

- its lobbying activities related to tax;
- its stance on significant issues related to tax that it addresses in its public policy advocacy, and any differences between its advocacy positions and its stated policies, goals, or other public positions;
- whether it is a member of, or contributes to, any representative associations or committees that participate in public policy advocacy on tax, including:
  - the nature of this contribution;
  - any differences between the organization's stated policies, goals, or other public positions on significant issues related to tax, and the positions of the representative associations or committees.

Disclosure 207-3-a-ii is related to the requirements in [GRI 415: Public Policy 2016](#). If the organization has determined public policy to be a material topic and has reported information in [GRI 415](#) that covers the organization's public policy advocacy on tax, the organization can provide a reference to this information.

#### Guidance for Disclosure 207-3-a-iii

When reporting the processes for collecting and considering the views and concerns of stakeholders, the organization can describe how the processes enable stakeholders to participate in this engagement. The organization can also provide examples of how stakeholder feedback has influenced the approach to tax, the tax strategy, or the tax practices of the organization.

## 2. Topic disclosures

### Disclosure 207-4 Country-by-country reporting

REQUIREMENTS	<p>The reporting organization shall report the following information:</p> <ol style="list-style-type: none"> <li>a. All <u>tax jurisdictions</u> where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.</li> <li>b. For each tax jurisdiction reported in Disclosure 207-4-a:             <ol style="list-style-type: none"> <li>i. Names of the resident entities;</li> <li>ii. Primary activities of the organization;</li> <li>iii. Number of <u>employees</u>, and the basis of calculation of this number;</li> <li>iv. Revenues from third-party sales;</li> <li>v. Revenues from intra-group transactions with other tax jurisdictions;</li> <li>vi. Profit/loss before tax;</li> <li>vii. Tangible assets other than cash and cash equivalents;</li> <li>viii. Corporate income tax paid on a cash basis;</li> <li>ix. Corporate income tax accrued on profit/loss;</li> <li>x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.</li> </ol> </li> <li>c. The time period covered by the information reported in Disclosure 207-4.</li> </ol>
	<p><b>Compilation requirements</b></p> <ol style="list-style-type: none"> <li>2.1 When compiling the information specified in Disclosure 207-4, the reporting organization shall report information for the time period covered by the most recent audited consolidated financial statements or financial information filed on public record. If information is not available for this time period, the organization may report information for the time period covered by the audited consolidated financial statements, or the financial information filed on public record, immediately preceding the most recent ones.</li> <li>2.2 When compiling the information specified in Disclosure 207-4-b, the reporting organization shall:             <ol style="list-style-type: none"> <li>2.2.1 reconcile the data reported for Disclosures 207-4-b-iv, vi, vii, and viii with the data stated in its audited consolidated financial statements, or the financial information filed on public record, for the time period reported in Disclosure 207-4-c. Where the data reported does not reconcile with the audited consolidated financial statements, or the financial information filed on public record, the organization shall provide an explanation for this difference;</li> <li>2.2.2 for Disclosure 207-4-b-ix, include corporate income tax accrued in the time period reported in Disclosure 207-4-c and exclude deferred corporate income tax and provisions for uncertain tax positions;</li> <li>2.2.3 in cases where an entity is deemed not to be resident in any tax jurisdiction, provide the information for this stateless entity separately.</li> </ol> </li> </ol>
RECOMMENDATIONS	<ol style="list-style-type: none"> <li>2.3 The reporting organization should report the following additional information for each tax jurisdiction reported in Disclosure 207-4-a:             <ol style="list-style-type: none"> <li>2.3.1 Total <u>employee remuneration</u>;</li> <li>2.3.2 Taxes withheld and paid on behalf of employees;</li> <li>2.3.3 Taxes collected from customers on behalf of a tax authority;</li> <li>2.3.4 Industry-related and other taxes or payments to governments;</li> <li>2.3.5 Significant uncertain tax positions;</li> <li>2.3.6 Balance of intra-company debt held by entities in the tax jurisdiction, and the basis of calculation of the interest rate paid on the debt.</li> </ol> </li> </ol>

## GUIDANCE

**Background**

Country-by-country reporting is the reporting of financial, economic, and tax-related information for each jurisdiction in which the organization operates.

**Guidance for Disclosure 207-4-a**

In the context of this Standard, tax jurisdictions are identified according to where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. These entities include permanent establishments and dormant entities.

**Guidance for Disclosure 207-4-b**

Unless otherwise stated, country-by-country information is to be reported at the level of tax jurisdictions and not at the level of individual entities.

Number of employees, revenues, profit/loss before tax, and tangible assets other than cash and cash equivalents are indicators of the organization's scale of activity within a tax jurisdiction. When considered in conjunction with the other required and recommended information, they can inform assessments about the level of taxes being paid in a jurisdiction.

In addition to this information, the organization can report any other information relevant for understanding the scale of its activity within a jurisdiction.

If the reporting organization cannot report all required information for all the tax jurisdictions reported in Disclosure 207-4-a, it may use reasons for omission as set out in *GRI 1: Foundation 2021*. The organization is required to specify the requirement it cannot comply with, and to provide a reason for omission and required explanation, as set out in *GRI 1*. See [Requirement 6 in GRI 1](#) for more information on reasons for omission.

If complete reporting for a tax jurisdiction is not possible because the organization holds a minority shareholding or is the non-operating joint venture partner in an entity, the organization may provide 'information unavailable / incomplete' as the reason for omission and specify the majority shareholder or operating partner.

The organization can also report any contextual information necessary to understand how data has been compiled, such as any standards, methodologies, and assumptions used.

**Guidance for Disclosure 207-4-b-i**

Disclosure 207-4-b-i requires the organization to report a list of entities by tax jurisdiction.

If the organization's publicly available audited consolidated financial statements, or the financial information filed on public record, include a list of all its entities by tax jurisdiction, the organization can provide a reference to this information.

When reporting the names of the resident entities for a tax jurisdiction, the organization can specify if any of the entities are dormant.

**Guidance for Disclosure 207-4-b-ii**

When reporting its primary activities in a tax jurisdiction, the organization can provide a general description such that a report reader can clearly identify the organization's main activities in the jurisdiction, for example, sales, marketing, manufacturing, or distribution. The organization is not required to list the activities of each entity in the jurisdiction.

**Guidance for Disclosure 207-4-b-iii**

Employee numbers can be reported using an appropriate calculation, such as head count at the end of the time period reported in Disclosure 207-4-c or a full-time equivalent (FTE) calculation. To enable comparability, it is important that the organization applies the approach consistently across all tax jurisdictions and between time periods.

If the organization is unable to report exact figures, it can report the number of employees to the nearest ten or, where the number of employees is greater than 1000, to the nearest 100.

The number of employees is one indicator of the organization's scale of activity in a tax jurisdiction. In addition to the number of employees, the organization may report the number of workers (excluding employees) performing the organization's activities, if this helps explain the

organization's scale of activity in the jurisdiction. It is important that the organization reports the number of employees and/or the number of workers consistently across all jurisdictions and between time periods.

**Guidance for Disclosures 207-4-b-iv and 207-4-b-v**

These disclosures require the organization to report revenues from third-party sales for each tax jurisdiction and from intra-group transactions between that jurisdiction and other tax jurisdictions. Intra-group transactions within the same tax jurisdiction are not required, but the organization can report this information separately.

Intra-group transactions between jurisdictions can influence the tax bases of the organization in the jurisdictions involved in these transactions. Intra-group transactions within the same tax jurisdiction do not affect the tax base of the organization within that jurisdiction.

For this reason, revenues from third-party sales and intra-group transactions with other jurisdictions are a more appropriate indicator of an organization's scale of activity in a tax jurisdiction than aggregated revenues. Aggregated revenues could result in local revenues being double-counted, which might create a misleading impression about the organization's scale of activity in a jurisdiction.

The organization can also report other sources of revenue, for example, dividends, interest, and royalties, where this is standard practice in the sector of the organization.

**Guidance for Disclosure 207-4-b-vi**

When reporting profit/loss before tax for a tax jurisdiction, the organization can calculate the consolidated profit/loss before tax for all its resident entities in the jurisdiction.

**Guidance for Disclosure 207-4-b-vii**

When reporting tangible assets for a tax jurisdiction, the organization can calculate the consolidated total of the net book values of tangible assets for all its resident entities in the jurisdiction.

**Guidance for Disclosure 207-4-b-viii**

When reporting corporate income tax paid on a cash basis for a tax jurisdiction, the organization can calculate the total actual corporate income tax paid during the time period reported in Disclosure 207-4-c by all its resident entities in the jurisdiction. This includes cash taxes paid by entities to the jurisdiction of residence and to all other jurisdictions (e.g., withholding taxes incurred in other tax jurisdictions).

If the tax paid includes a significant amount of withholding tax, the organization can explain this. If taxes are incurred in other tax jurisdictions, the organization can report the amount of tax paid to the other tax jurisdictions separately and identify the jurisdictions where the tax was paid.

**Guidance for Disclosure 207-4-b-x**

When reporting the reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax, the organization can describe items that explain the difference, such as tax reliefs, allowances, incentives, or any special tax provisions where an entity benefits from preferential tax treatment.

The organization can group explanatory items into a generic category, such as 'other', if these items together do not exceed 10% of the difference.

The organization can also report the expiration date, investment requirements, and likely long-term continuity of tax reliefs or incentives for a jurisdiction.

In addition to providing a qualitative explanation as required by this disclosure, the organization can also report a quantitative corporate tax reconciliation.

**Guidance for Disclosure 207-4-c and clause 2.1**

The organization is required to report information on a regular schedule and make it available in time for information users to make decisions (see the [Timeliness principle in GRI 1: Foundation 2021](#) for more information). The organization is also recommended to report the information for the same reporting period and publish the information at the same time as its financial reporting, where this is possible (see [section 5.1 in GRI 1](#) for more information). However, the

information required in Disclosure 207-4 might not be available for reporting until a later point in time.

If the information required in Disclosure 207-4 is not available for the time period covered by the most recent audited consolidated financial statements or financial information filed on public record, the organization may report information for the time period covered by the audited consolidated financial statements, or the financial information filed on public record, immediately preceding the most recent ones.

Where this time period differs from the reporting period, the organization can specify the reason why.

#### **Guidance for clause 2.2.1**

For each of the disclosures specified in clause 2.2.1, the data is considered to be reconciled when the sum of this data for all tax jurisdictions equals the amount reported in the organization's audited consolidated financial statements or in the financial information filed on public record.

#### **Guidance for clause 2.2.3**

When providing information for stateless entities, the organization can also include their jurisdiction of incorporation.

#### **Guidance for clause 2.3.1**

Total employee remuneration in a tax jurisdiction can reflect the business value provided by the entities in that jurisdiction to the organization as a whole.

Total employee remuneration also represents the basis for calculating taxes withheld and paid on behalf of employees, covered under clause 2.3.2.

#### **Guidance for clause 2.3.2**

Taxes withheld and paid on behalf of employees refer to taxes withheld by the organization from employee remuneration to be paid to the tax authorities. These can include income taxes, payroll taxes, and social security contributions.

#### **Guidance for clause 2.3.3**

Taxes collected from customers refer to taxes and duties charged on and collected on the sales of certain products and services. These are paid by the organization to the tax authorities on behalf of customers.

#### **Guidance for clause 2.3.4**

Examples of industry-related and other taxes or payments to governments include:

- industry taxes (e.g., energy tax, airline tax);
- property taxes (e.g., land tax);
- product taxes (e.g., customs duties, alcohol and tobacco duties);
- taxes and duties levied on the supply, use, or consumption of goods and services considered to be harmful to the environment (e.g., vehicle excise duties).

#### **Guidance for clause 2.3.5**

When reporting significant uncertain tax positions for a tax jurisdiction, the organization can report the value of the tax positions in line with its audited consolidated financial statements or the financial information filed on public record.

The organization can provide a description of tax positions that have not been agreed with the relevant tax authorities at the end of the time period reported in Disclosure 207-4-c. The description can include the nature of the disagreement and the reasons for any change in tax positions that occurred during the time period, where relevant.

# Glossary

This glossary provides definitions for terms used in this Standard. The organization is required to apply these definitions when using the GRI Standards.

The definitions included in this glossary may contain terms that are further defined in the complete [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

<b>B</b>	<p><b>basic salary</b> fixed, minimum amount paid to an <u>employee</u> for performing his or her duties</p> <p>Note: Basic salary excludes any additional <u>remuneration</u>, such as payments for overtime working or bonuses.</p> <p><b>business partner</b> entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives</p> <p>Source: Shift and Mazars LLP, <i>UN Guiding Principles Reporting Framework</i>, 2015; modified</p> <p>Examples: affiliates, business-to-business customers, clients, first-tier <u>suppliers</u>, franchisees, joint venture partners, investee companies in which the organization has a shareholding position</p> <p>Note: Business partners do not include subsidiaries and affiliates that the organization controls.</p> <p><b>business relationships</b> relationships that the organization has with <u>business partners</u>, with entities in its <u>value chain</u> including those beyond the first tier, and with any other entities directly linked to its operations, products, or services</p> <p>Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework</i>, 2011; modified</p> <p>Note: Examples of other entities directly linked to the organization's operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization's facilities.</p>
<b>C</b>	<p><b>child</b> person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher</p> <p>Note 1: Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organization (ILO) in response to a special application by the country concerned and in consultation with representative organizations of employers and workers.</p> <p>Note 2: The ILO <i>Minimum Age Convention</i>, 1973, (No. 138), refers to both child labor and young workers.</p>
<b>E</b>	<p><b>employee</b> individual who is in an employment relationship with the organization according to national law or practice</p>
<b>G</b>	<p><b>governance body</b> formalized group of individuals responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its <u>stakeholders</u></p>



**H****highest governance body**

governance body with the highest authority in the organization

Note: In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated or where local law provides for a supervisory board drawn from non-executives to oversee an executive management board. In such cases, both tiers are included under the definition of highest governance body.

**human rights**

rights inherent to all human beings, which include, at a minimum, the rights set out in the *United Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*

Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human rights'.

**I****impact**

effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on 'impact'.

**Indigenous Peoples**

Indigenous Peoples are generally identified as:

- tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations;
- peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention*, 1989 (No. 169)

**L****local community**

individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

**M****material topics**

topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for more information on 'material topics'.

**R****remuneration**

basic salary plus additional amounts paid to a worker

**Note:** Examples of additional amounts paid to a worker can include those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances, such as transportation, living and childcare allowances.

#### **reporting period**

specific time period covered by the reported information

Examples: fiscal year, calendar year

## **S**

#### **severity (of an impact)**

The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to counteract or make good the resulting harm).

**Source:** Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018; modified  
United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

**Note:** See [section 1 in GRI 3: Material Topics 2021](#) for more information on 'severity'.

#### **stakeholder**

individual or group that has an interest that is affected or could be affected by the organization's activities

**Source:** Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018; modified

**Examples:** business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders and other investors, suppliers, trade unions, vulnerable groups

**Note:** See [section 2.4 in GRI 1: Foundation 2021](#) for more information on 'stakeholder'.

#### **supplier**

entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services

**Examples:** brokers, consultants, contractors, distributors, franchisees, home workers, independent contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers

**Note:** A supplier can have a direct business relationship with the organization (often referred to as a first-tier supplier) or an indirect business relationship.

#### **supply chain**

range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services

#### **sustainable development / sustainability**

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

**Source:** World Commission on Environment and Development, *Our Common Future*, 1987

**Note:** The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

## **T**

#### **tax jurisdiction**

country or territory with autonomous taxing powers similar to a country

Note 1: Territories with autonomous taxing powers similar to a country are those that have a level of autonomy such that they can participate in the Organisation for Economic Co-operation and Development (OECD) and Council of Europe's The Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Examples of such territories include Bermuda, Hong Kong, and Jersey.

Note 2: The definition for tax jurisdiction includes those countries or territories that choose not to exercise their fiscal autonomy to charge taxes.

## V

### value chain

range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use

Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization.

Note 2: The value chain includes the supply chain.

### vulnerable group

group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population

Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households; human rights defenders; Indigenous Peoples; internally displaced persons; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning refugees; women

Note: Vulnerabilities and impacts can differ by gender.

## W

### worker

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

Note: In the GRI Standards, in some cases, it is specified whether a particular subset of workers is required to be used.

# Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard.

## Authoritative instruments:

1. Organisation for Economic Co-operation and Development (OECD), *Co-operative Tax Compliance: Building Better Tax Control Frameworks*, 2016.
2. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
3. Organisation for Economic Co-operation and Development (OECD), *Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, 2015.
4. Organisation for Economic Co-operation and Development (OECD) and Council of Europe, *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, 2011.
5. United Nations (UN) Resolution, *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015.

## Additional references:

6. International Financial Reporting Standards (IFRS) Foundation, *IAS 12 Income Taxes*, 2016.
7. International Financial Reporting Standards (IFRS) Foundation, *IFRS 12 Disclosure of Interests in Other Entities*, 2019.



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