



Canadian Tax & Legal Alert

GRI 207: Tax disclosures in sustainability reporting

Meeting reporting requirements and beyond

January 25, 2021

Background

The Global Reporting Initiative (GRI) implemented a new tax standard in 2019 that is effective for reports or other material published on or after January 1, 2021.

GRI provides guidance and language to standardize sustainability reporting for organizations (whether large or small, public or private). GRI sustainability standards are designed to be used by organizations to report about their impact

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on the economy, environment and society. These standards assist organizations to understand and disclose impacts in a format that is relevant to multiple stakeholders including investors, policymakers and society.

GRI 207 is intended to increase tax transparency for organizations and sets out reporting requirements on the topic of tax. The specific tax standard is applicable to all types and sizes of organizations in any industry or geography and is required if an organization has chosen to follow GRI standards and has identified tax as a material topic. Defining materiality is dependent on the organization and considers specific facts and circumstances.

Disclosures under GRI 207

GRI 207 includes the disclosures on management approach and a topic-specific disclosure.

Management approach disclosures

- Disclosure 207-1 Approach to tax
- Disclosure 207-2 Tax governance, control and risk management
- Disclosure 207-3 Stakeholder engagement and management of concerns related to tax

Topic-specific disclosure

- Disclosure 207-4 Country-by-country reporting (CbCR)

Benefits of good tax governance



Beyond GRI 207 and taxation authorities

Effective tax governance policies and frameworks can benefit an organization on a practical level beyond sustainability reporting or taxation authority requirements. Additional value can include:

- **Communication of accountabilities** for “tax” services within an organization (what Tax is responsible for versus not responsible for)
 - **Reduces duplication** of efforts and risk of “**missed**” areas
- Increasing **business partnering** between Tax and other functions within an organization, when to involve Tax and how, including the value Tax can bring

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- **Formal documentation** and guidance on policies to follow in various events
- **Training** material for new team members
- **Reference** for internal **stakeholders** of Tax

How Deloitte can help?

Establishing a tax governance framework and disclosures will require different levels of effort and support depending on what is currently in place organization-wide and within tax.

Deloitte can assist in:

- Assessing the current state of tax governance, policies and risk management framework within an organization
- Refreshing or developing tax governance and sustainability strategy and corresponding documentation and reporting that meet both the reporting requirements and organization’s needs
- Ensuring alignment with overall organization sustainability reporting
- As applicable, assisting in improvements in governance, policies and sustainability reporting
- Developing and/or reviewing CbCR processes and documentation, identify gaps and potential impact, suggesting improvements as required

Practical next steps:



Source: Deloitte.

If you have any questions on any of the above, please reach out to your Deloitte representative or any of the individuals noted on this alert.

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