

OECD releases database to provide insights on global profiles of individual multinational enterprises

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Executive summary

The Organisation for Economic Co-operation and Development (OECD) has developed a new database - [the Analytical Database on Individual Multinationals and Affiliates \(ADIMA\)](#) - which provides information - by name - on individual multinational enterprises (MNEs) and their global presence. The ADIMA database contains public information on the physical and digital locations of the MNE, detailed financial and quantitative data (including revenue, profit, income tax and number of employees), and an indication of "events" such as large company restructurings. The database currently contains 100 of the largest publicly traded and not state-owned MNEs (by sales) in the world, with both more companies and data points expected to be added in future releases.

Detailed discussion

The OECD released the ADIMA database in July 2019. The OECD stated that the purpose of this database is to provide a "whole view" of MNEs, including where they are located, how they operate and where they pay taxes. The OECD used several open big data sources to collect public information on individual MNEs and their global footprint. Sources include annual reports, various databases of websites, and other databases containing for example global news and geographic locations of shops and factories - going beyond what is generally available in company reports.

The ADIMA database currently covers 100 of the largest (by sales) publicly traded and not state-owned MNEs in the world, which in aggregate generated nearly US\$10 trillion¹ in revenues (almost 20% of the global gross domestic product (GDP)), earned \$730 billion in profits and paid \$185 billion in taxes. The database currently has four components:

- ▶ Physical Register: Provides a comprehensive view of each MNE and its subsidiaries
- ▶ Digital Register: Lists all websites belonging to each MNE
- ▶ Indicators: Provides harmonized data at the global level for each MNE, covering financial year-ends between 1 July 2016 and 30 June 2017
- ▶ Monitor: Identifies events like large company restructurings that can be an early sign of potential significant impacts on trade, GDP and foreign direct investment data

The new database includes information on both the physical and digital presence of MNEs by country. The OECD notes that the data shows that some companies serve markets without a local physical presence but through a digital presence. According to the OECD, this blurs the traditional line of trade within and across borders, thereby potentially affecting the comparability of international data on trade and national income.

The OECD announcement asserts that tax-related matters are one of the key items that can be analyzed through the ADIMA database. In this regard, the OECD notes that the data also shows an average effective tax rate (ETR) of the covered MNEs of about 25%, with significant deviations observed between industries.

The OECD has indicated that through the ADIMA database it aims to provide an international and “whole of the MNE” approach to measure the activities of MNEs. The OECD plans to collaborate with interested official statistical agencies to improve both national statistics on MNEs and the ADIMA data. These collaborations should expand its coverage of MNEs, improve its methods and incorporate new data sources, with an aim to include around 500 MNEs by 2020.

Implications

The development of the ADIMA database with its detailed and individualized data is an important development in the field of global transparency. For example, the differences in ETRs across industries could be used by the OECD and policymakers to argue for further changes in the international tax architecture, including the ongoing work of the OECD’s Inclusive Framework on addressing the tax challenges of digitalization of the economy.

While the ADIMA database is intended as a statistical tool, it is important for companies to be aware of the information about them that is included in the database and how this information aligns with the information that is required to be provided to the tax authorities (e.g., transfer pricing documentation and country-by-country reporting).

Endnote

1. Currency references in this Alert are to US\$.

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