**ICC Response to OECD Public Consultation on the Draft User Guide for the GloBE Information Return XML Schema**

The International Chamber of Commerce (ICC), as the world business organization speaking with authority on behalf of enterprises from all sectors in every part of the world, appreciates the opportunity to provide input on the OECD [public consultation document](https://www.oecd.org/en/events/public-consultations/2024/07/draft-user-guide-for-the-globe-information-return-xml-schema.html) on the draft user guide for the GloBE Information Return (GIR) XML Schema. ICC advocates for a consistent global tax system, founded on the premise that stability, certainty and consistency in global tax principles are essential for business and will foster cross-border trade and investment. ICC is also an established arbitral institution through its International Court of Arbitration and provides other dispute resolution mechanisms through its International Centre for Alternative Dispute Resolution.

**General Comments**

We appreciate the OECD’s solicitation of feedback from stakeholders in an effort to inform the development of this document and the GIR submission process. As the OECD works towards finalizing this process, we encourage the OECD to consider the extent to which the process provides certainty, simplicity and the avoidance of duplicative work and costs. ICC members support the principle of GIR unicity and common format in all circumstances: IIR, UTPR, QDMTT Safe Harbour. Our comments and recommendations below focus on these primary themes.

**A simplified “GloBE Computations” (Section 3) of the standard GIR template**

Currently, the GIR requires over 400 data points while still not providing a taxing jurisdiction with the necessary detail to audit the calculation.  Given the contemporaneous documentation requirements, a simplified form that focuses on computed data (calculated GLoBE income, covered taxes, relevant jurisdictions) would reduce the administrative burden while still providing the necessary data to compute a top-up tax.

**Permanent simplifications**

We believe making the transitional simplified jurisdictional reporting framework permanent will ease the requirement to report on a Constituent Entity by Constituent Entity (CE-by-CE basis) and will reduce the time spent collecting data while still providing the relevant jurisdictions with the baseline Pillar 2 data. This approach is also more practical given increased adoption of QDMTTs.

Many MNE Groups have hundreds or thousands of CEs and it would be unreasonable to require the disclosure of granular information at that level since the Effective Tax Rate ETR is to be considered at jurisdictional level. Indeed, the need for a CE-by-CE breakdown only arises when there is a top up tax liability, which is expected to be the case only in a very limited number of jurisdictions for most MNE Groups. Moreover, the proposed reporting entails excessive resources for both MNE Groups and tax authorities receiving the data. For instance, the proposed GloBE Information Return could result in a document of more than 1,000 pages for an MNE Group operating in 40 jurisdictions (save for the application of the CbCR Safe Harbour, but this is not intended to apply permanently).

In addition, the existing simplification for tax consolidated groups should be broadened to all situations where a tax consolidation is allowed in the country. Indeed, such simplification is currently limited to instances where all the entities of the group are held at 100% by the parent company of the group, whereas the threshold to form a tax consolidated group is generally lower than 100%).

Finally, we note that Section 3.2. does not include the case of a QDMTT Safe Harbour, nor the case of permanent Safe Harbours. We understand that further work will take place in these areas. It will be important that where these Safe Harbours are applicable, the detailed reporting requirements of Sections 3.3 and 3.4 do not apply.

With this respect, ICC supports the Permanent Safe Harbor proposal which has been designed by BIAC and is currently being discussed with the OECD Secretariat.

**Allow MNE groups to rely on jurisdictional self-certification of QDMTTs**

At the moment, there is a proposed peer review process for certifying a jurisdiction’s QDMTT. When a QDMTT is determined to be non-compliant, a MNE group would have to amend GIRs adding to the volume of filings. Allowing MNE groups to rely on jurisdictional self-certification of QDMTTs could simplify and ease the compliance burden.

**A Centralized Reporting Platform Should be Created**

We recommend that the OECD, working with tax administrators, create a global centralized reporting platform. This platform would serve two primary functions:

* **XML Generation** – The platform itself would generate the necessary XML from data submitted by taxpayers in XLSX or CSV format and perform automatic validation checks.
* **Centralized Reporting** – The platform could serve as a hub which distributes the taxpayers’ data to the relevant tax authorities.

A centralized platform of this type would provide several advantages that touch on each of the broad themes above:

* **Certainty** – A single centralized platform generating the XML submissions ensures that tax authorities will receive consistent data from all taxpayers
* **Simplicity** – Submitting one set of data to a single platform reduces the amount of complexity as taxpayers would only need to become acquainted with the single platform
* **Avoidance of duplicative work and costs** – Without a centralized platform, every taxpayer would need to finance and maintain all of the necessary functionalities to generate the XML and submit the GIR

The Pillar Two compliance requirements are extensive. Having a centralized platform would greatly ease the burdens on taxpayers and tax authorities alike. We strongly recommend the OECD consider the development of a centralized platform to ease these burdens.

The remainder of our comments below assume the absence of a centralized reporting platform; however, many if not most of these issues would be resolved by the adoption of the centralized reporting platform, providing further support for such an approach.

**Jurisdictions Should be Required to Use a Consistent Schema and Submission Portal**

If a decentralized approach is taken, jurisdictions must be required to adopt a single unified XML Schema as a condition to achieving “Qualified” status for their DMTTs and IIRs. A consistent XML Schema would not only greatly ease burdens on taxpayers who would not have to generate multiple XML data from the same data but would also facilitate the exchange of information between tax authorities who would not have to convert the XML to a different jurisdiction’s format.

The XML Schema must also clearly define all inputs and outputs to ensure consistency of reporting. Many countries will require reporting in their local language and alphabet. Some languages and jurisdictions use special characters that are not common in other jurisdictions. For instance, transliteration to the Latin alphabet needs to be consistent and accepted among countries. The XML Schema must identify a framework for how the characters are treated so that taxpayers can have certainty in their submissions and for information to be exchanged smoothly between tax authorities without complications.

In addition, jurisdictions should be required to maintain consistent formatting requirements for submissions, portals for reporting and notifications to avoid additional duplicative work and costs for taxpayers.

**Timing of Implementation Should Allow for Sufficient Testing Opportunities**

Implementation of the XML Schema, or a centralized reporting platform if adopted, should allow for sufficient time to allow taxpayers to test their XML generation and submission process to ensure that minor bugs and fixes can be addressed before the submission process goes live. The interface/platform should be made available starting in mid-2025 (at the latest) to permit sufficient time for technical implementation on taxpayer side and (more importantly) for testing the interface. This will minimize any disruptions that may occur once reporting begins to ensure there are no unnecessary delays.

In addition, a back-up reporting procedure, such as physical delivery of paper copies, should be established to ensure that taxpayers are able to satisfy their reporting obligations in the event the electronic submission portal is not working due to technical issues or delays. It is critical to have such a physical media-based back-up option at least during the first three years of the submission requirement to provide a reporting option in case the digital interfaces are not ready or suffer from outages or get overloaded.

Moreover, there should be a penalty relief for accuracy related errors made under good faith during the transitional period. Given the evolving OECD guidance and local country regulations, and uncertainty of adoption for many jurisdictions, the reporting requirements are a moving target. A taxpayer should not be penalized for ambiguity in the rules.

**Provide for only one filing of the GIR with the UPE jurisdiction even in the absence of a QCAA**

Under the Dissemination Approach of the GIR, an MNE group will need to file a GIR with each administration that adopts a local filing under the GloBE rules, unless the Ultimate Parent Entity (“UPE”) exchanges that information with other affected tax administrations under a Qualifying Competent Authority Agreement (“QCAA”). This creates numerous complications from the volume of filings to data privacy issues with the exchange of information. Moreover, individual countries have already begun deviating from the OECD Dissemination Approach. Providing for only one filing of the GIR with the UPE jurisdiction even in the absence of a QCAA, would both ease the compliance burden while alleviating the concern with data security.

**Taxpayers Should be Able to Designate a Secondary Filing Jurisdiction**

The jurisdiction of a UPE or Designated Filing Entity may not have exchange of information agreements with jurisdictions in which a taxpayer is required to file its GIR. A filing mechanism whereby a taxpayer can designate a secondary jurisdiction to exchange information with jurisdictions where there is no exchange agreement with the UPE’s jurisdiction would minimize the number of jurisdictions in which a taxpayer has to file, simplifying its compliance obligations.

**Jurisdictions Must Maintain Mechanisms to Safely Store and Receive Data**

The volume and sensitivity of the data required to be provided as part of a GIR submission is significant. The OECD should work with tax authorities to ensure that their infrastructure provides the necessary security and storage capabilities to receive and maintain the data.

**The OECD Should Provide Additional Resources to Enable Taxpayer Compliance**

To the extent possible, the OECD should provide additional guidance to facilitate the compliance process for taxpayers. The following are some examples that would provide taxpayers with valuable guidance into both the rule-based and technology-based technical details needed to understand and perform their reporting obligations:

* A document (e.g. excel sheet or similar readable file) mapping each GIR data point to the relevant GloBE Model Rule along with a text description. The OECD could also work with Inclusive Framework members to identify substantive differences between the Model Rules and local laws.
* A rich XML mock-up example showing exactly the data would need to be provided for a model MNE Group GIR submission. Such an example would provide the necessary context that taxpayers need to develop their internal reporting processes that the abstract XML Schema by itself does not provide.

**The OECD Should Continue to Re-Evaluate the Information Required for Pillar Two Reporting**

There is considerable overlap between Pillar Two reporting and Country-by-Country reporting resulting in taxpayers duplicating compliance work. The OECD should consider reducing its Pillar Two reporting requirements to the extent the information is already required and provided as part of the Country-by-Country reporting process.

**Additional Observations**

Finally, we have identified additional points to further simplify and ease the compliance burden for the GIR reporting process:

* Guidance should be provided for situations where a single entity has multiple Tax ID numbers arising from reporting in different jurisdictions. Such guidance should require an entity to use a single Tax ID for all GIR reporting purposes to ensure each entity is not reported as two or more entities but also ensure that there is a mechanism in place to allow tax authorities to identify entities which may be using another jurisdiction’s Tax ID for GIR reporting.
* MNE Groups should be able to designate a contact person and specific guidance on the information required for such contact should be provided.
* Further details regarding unique message identifiers (e.g., how such an identifier would be requested and delivered) should be provided.
* A consistent notification format should be adopted so MNE Groups are able to develop tools to allow such notifications to be received and acted upon.
* Clarification as to whether the timestamp is intended to function on a 24 hour clock and a reference time zone should be provided.
* The “OwnershipChange” and “ChangeDate” fields should be removed as providing such information would be administratively burdensome for MNE Groups with many Constituent Entities.
* Range-based fields (such as ETR ranges) should be removed. Taxpayers are already providing ETRs and top-up tax amounts. To the extent tax authorities wish to aggregate data, the tax authorities should do this centrally rather than requiring taxpayers to self-report. Furthermore, different tax authorities may want to use different ranges or may want to change ranges, which they could do easily without having to change the Schema.
* Some fields are identified as “(Optional) Mandatory.” This is confusing and the terminology should be changed to provide greater clarity as to whether the field is required. We recommend that such fields should be labelled as "Conditionally Required" or “Conditionally Mandatory” to avoid confusion.