**EU Commission Public Consultation on the template and electronic formats for ‘country by country’ reports**

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.

We welcome the opportunity to comment on the EU proposal for public country-by-country (CbC) reporting of tax-related information by multinational enterprises (MNEs).

From a business perspective, we acknowledge that this proposal represents a significant step in the EU's ongoing efforts to promote greater transparency in tax reporting. However, in the context of non-stop increasing tax-related obligations for MNEs, efficiency and administrative burden put on the business should also be weighed. CbC report filing to tax authorities is currently based on the OECD XML Schema, which allows secure automatic exchange of information among interested parties. In order not to duplicate efforts regarding data formatting, leveraging as much as possible on existing formats could alleviate business efforts without affecting the quality of data provided.

As ICC believe that this template and consultation offers a valuable chance to clarify key issues, such as the handling of omitted information and promote consistent application across all Member States.

In the context of this public consultation, we would like to share the following comments and raise some points of concerns on which ICC members would welcome further clarity.

**Omitted Information (Safeguard clause)**

In relation to section 4 of the draft common reporting template (Temporarily omitted information), a lack of guidance regarding valid reasons for information omission continue to persist. This particularly concerns the undefined term "seriously prejudicial" in the CbCR Directive.

Although the term is also present in Directive 2014/95/EU (for financial institutions), further clarification would be essential. The European Parliament has previously emphasized the need for the Commission to adopt guidelines through a delegated act, assisting Member States in defining cases where information disclosure could be considered seriously prejudicial. However, and unfortunately, no progress has been made on this, potentially leading to inconsistencies in implementation across Member States, with some even referring back to the European Commission for guidance.

This lack of clarity could result in variations in applying the safeguard clause across EU member states, creating an information-related asymmetry that could undermine the Directive's effectiveness. Furthermore, the presented draft common reporting template, intended for adoption through an EC implementing act (Regulation), also appears to lack detail on the safeguard clause or the term "seriously prejudicial." This omission, especially considering the Regulation's direct applicability across the EU (unlike the Directive), further increases the potential for inconsistencies in implementation across Member States.

In conclusion, we encourage the Commission to seize the opportunity presented by the Regulation to clarify the safeguard clause and minimize discrepancies between EU member states. Issuing guidelines to help Member States determine cases where information disclosure could be seriously prejudicial is crucial. A clear and consistent approach to the safeguard clause is essential to ensure the effective and equitable implementation of the public CbCR Directive across the EU.

**EEA States** - It appears that in some cases separate Public CbC disclosure is required also for all EEA states (Iceland, Liechtenstein and Norway). It would be helpful if the template clarified where this would be the case, and that this particular separate disclosure requirement is limited to these particular non-member states.

**Consistent 2025 entry into force** **across all EU member states** The implementation of the Common Reporting Standard is foreseen via EC Regulation for 2025. This raises the question of how reporting should be handled in cases of Member States (e.g. Romania), where data submission is required sooner and which is creating additional confusion. Effective implementation dates should be the same across all EU Countries.

**Need for simplification and reducing compliance costs**

We note that the current version of section 2 of the template includes a final column “[Additional columns may be added as necessary]”.  ICC members believe this is an unnecessary and undesirable feature and should be removed.

A second point of concerns relates to the extra compliance costs of filing the CbCR data in a new format, XBRL, when the same information is filed for OECD CbCR purposes in XML. As ICC, we fully support any actions taken towards standardization and facilitating comparability of tax-related data.

From both a business and, arguably, a governmental perspective, this proliferation of formats is unnecessary. Aligning with the OECD format would reduce compliance costs.

**Clarification on the “Additional Column” and possibility for voluntary commentary**

Further clarification to the usage of the “additional column” would be desirable. Currently, it is not clear what additional information member states could request there and harmonization of the information to be included would be ideal.

It should also be clear that these additional columns should be optional for taxpayers and to be used at taxpayers’ discretion.

A further non-mandatory free text field to provide any voluntary commentary by the taxpayer would indeed be helpful to allow for targeted explanations which may be necessary and useful to better understand the reported data. However, this should be used at the discretion of the taxpayer.

**Need for Consistent Implementation**

The disparity resulting from a heterogeneous transposition of the directive into national law by the EU member states, could lead to unnecessary compliance costs and could be overall detrimental to the achievement of the objectives of this directive. In this regard, we recommend:

·         Harmonized safeguard period to provide more clarity.

·         One single filing date applicable throughout all EU member states

·         Full flexibility to taxpayers how to manage the publication requirements (company homepage vs. public registers etc.)

**Clarifications on the list of “Taxonomy Items” to be used in Appendix III**

In relation to the inclusion of these items it should be clearly indicated that this is fully optional for taxpayers and only at taxpayers’ discretion and that additional information cannot be requested by MS in this reporting format. There is no room provided by the EU Directive for national law to request additional information in Public CbCR and the reporting template designed by the EU Commission should not be misaligned to the EU Directive.

Consequently, in Table 2 (“List of taxonomy elements”), we recommend that lines 15 to 18 be fully removed: (“DisclosureOfAdditionalInformationMandatedByNationalLawExplanatory” with the label contents “Disclosure of additional information mandated by national law” and “Additional information (as per national requirement)”).

We hope that our comments can be taken into account in the final decision on this proposal. We remain at your disposal for any further clarification or discussion.