

European Commission
Taxation And Customs Union Directorate General
SPA3 08/015,
B-1049 Brussels,
Belgium

29 August 2024

Dear Sir or Madam,

Response to European Commission Public Consultation on draft Commission Implementing Regulation laying down a common template and electronic reporting formats for the application of Directive 2013/34/EU of the European Parliament and of the Council as regards the information to be presented in reports on income tax information

We are pleased to respond on behalf of the Deloitte¹ firms in Europe to the European Commission Public Consultation on the draft Commission Implementing Regulation laying down a common template and electronic reporting formats for the application of Directive 2013/34/EU of the European Parliament and of the Council as regards the information to be presented in reports on income tax information (the “public Country-by-Country reporting” or “public CBCR”), which requires large multinational corporations operating in the EU to disclose information on the corporate taxes they pay, including contextual information, in the form of annual ‘country by country’ reports. We welcome the opportunity to share views on this topic. This letter sets out background context and comments in relation to this consultation.

1. General comments on the application of the rules to non-EU headquartered multinational groups

The application of the rules of public CBCR to EU headquartered multinationals is clearly stated in the Directive – Article 48b (1). The national public CBCR rules of the Member State (as transposed) where the ultimate parent entity (UPE) is located should apply to the report. It is also in that same Member State that the report should be filed with the trade register (i.e., register referred to in Article 16 of Directive (EU) 2017/1132) and published on the website of the UPE – see notably Articles 48d (2) and (3).

The situation is different for non-EU headquartered multinationals having significant presence in the EU through medium or large sized subsidiaries or branches. In principle, each and every medium or large sized EU subsidiary or branch should publish and make accessible a report on income tax information concerning that ultimate parent undertaking - Article 48b (4) and (5) – unless as provided by Article 48b (6), a public CBC report is drawn up by the non-EU ultimate parent undertaking, “in a manner that is consistent with Article 48c”, and meets the following criteria:

- (a) it is made accessible to the public, free of charge and in an electronic reporting format which is machine-readable: (i) on the website of that ultimate parent undertaking or of that standalone undertaking; (ii) in at least one of the official languages of the Union; (iii) no later than 12 months after the balance sheet date of the financial year for which the report is drawn up; and

¹ For more information, see [Deloitte](#).

- (b) it identifies the name and the registered office of a single subsidiary undertaking, or the name and the address of a single branch governed by the law of a Member State, which has published a report in accordance with Article 48d (1).

Hence, in this case, the public CBC report published by the assigned single EU subsidiary or branch of the group under Article 48b (6) is understood to be prepared by the non-EU ultimate parent entity. Similarly, the public CBC report is understood to be prepared by the non-EU ultimate parent entity under Article 48b (4) and (5) and is then provided to the EU medium or large sized subsidiaries or branches for local filing and publication. The EU medium or large subsidiary or branch would only prepare the public CBC report if the ultimate parent entity does not provide the public CBC report (Article 48b (4) and (5)).

The legislations of the Member States transposing the public CBCR Directive have introduced differences reducing coherence and consistency of the rules (e.g., earlier entry into force, shorter deadlines to publish the report, extension of the scope to the EEA, national language imposed to publish the report instead of allowing the use of one of the official languages of the EU, only certain Member States opted in for the safeguard clause and website exemption, etc.).

It is not made clear how non-EU headquartered multinationals should apply the rules. There are various possible situations:

- The non-EU ultimate parent entity draws up the report, the conditions of Article 48b (6) apply and the public CBC report of the UPE is published by one single designated EU subsidiary or branch on behalf of the UPE:
 - o should the UPE only apply the provisions of the Directive when preparing the report or
 - o should it comply with the public CBCR rules as transposed in the Member State where one single EU subsidiary or branch will publish it in accordance with 48b (6)?
- If the conditions of Article 48b (6) are not met, but the public CBC report is still prepared by the UPE and then the public CBC report of the UPE is provided to each EU medium or large sized subsidiary or branch for publication on its behalf under Articles 48b (4) and (5):
 - o should the group prepare one common report, for use by all of its medium-sized or large subsidiaries for the purposes of obligations under Articles 48b (4) and 48b (5), based, prepared solely on the provisions of the Directive or
 - o apply only the rules of one EU Member State or
 - o in the worst-case scenario take into account all national public CBCR legislations where the group is present in the EU to comply with all various diverging requirements?
- If the UPE does not prepare a report and does not to provide information to its subsidiaries/branches, each medium or large sized subsidiary or branch is required prepare its own public CBC report under the second paragraph of Articles 48b (4) and (5) based on available information. It seems clear that in such case, each medium or large sized subsidiary or branch would have to comply with the public CBC rules prescribed in the Member State where it is resident as it prepares the report itself.

It is crucial that EU public CBCR does not result in a disproportionate administrative burden and cost imposed on multi-national groups in scope which would harm the EU's overall international competitiveness. The Directive indeed states that *"It should not cause an undue administrative burden for undertakings."* Accordingly, clarification on the above is decisive in ensuring that the obligations set by the Directive are in line with the principle of proportionality to achieve the objectives of increasing corporate transparency and public scrutiny.

Therefore, we call on the European Commission to clarify the application of the public CBCR rules especially for non-EU headquartered multinationals by confirming that the latter can comply by relying on the most pragmatic approach in preparing their EU public CBC report, i.e. when the ultimate parent entity prepares the public CBC report and provides it to one or all its EU subsidiaries or branches (Articles 48b (4), (5) and (6)), it can prepare the public CBC report by applying the provisions of the directive, including the ability to rely on the safeguard clause and website

exemption, and disregarding any additional national requirements added by the EU Member States. This would limit the complexity of the reports. With respect to the publication of the EU public CBC report on the website of the UPE, we would welcome additional flexibility from a compliance perspective to accommodate the various situations of multinational groups, especially in case the UPE does not have its own website, to allow the publication of the EU public CBC report on any other relevant website of the group such as the website of the local entity filing the EU public CBC report on behalf of the UPE, which would suffice to meet the transparency obligation set by the Directive.

In addition, to limit the complexity of the EU public CBCR and in line with the approach for groups to use the information already prepared for reporting country-by-country information to tax authorities, non-EU headed groups should be expressly permitted to use the information as reported to tax authorities under the implementation of tax authority country-by-country reporting in the country of their ultimate parent entity. For example, groups reporting to the IRS in the United States of America would follow the guidance issued by the US Treasury on reporting, including the modifications permitted locally, e.g., for groups active in the defence industry. Furthermore, non-EU headed groups with UPEs in countries that have translated the EUR750m threshold into local currency in accordance with the OECD's required approach to CBC reporting should continue to apply the local currency tax country-by-country reporting threshold.

It is crucial that large non-EU headed groups have a clear (and early) understanding of their obligations under the Directive to limit the complexity of their obligations, which would improve the attractiveness of the EU market. In that respect, an FAQs document produced by the European Commission in view of clarifying the issues related to the EU public CBCR would be beneficial to the EU business environment.

Examples of public CBC reports

It would be very helpful if the Commission would, shortly after finalising the Regulation, publish an example of a public CBC report and corresponding XHTML file (populated with dummy data and including all relevant tags), given a clear example of a compliant report published by a EU-headed group. To maximise its usefulness, the report should include entries in both Section 4 and Section 5. It could also illustrate the rules on rounding amounts.

On a similar note, notwithstanding that non-EU headed groups do not need to use the common template and format, a similar, separate, example for a non-EU headed group opting to use the Commission's template and format, would be helpful. This would also enable the Commission to illustrate how it envisages such groups would use and disclose the 'NameOfSingleSubsidiaryPublishingNonEUUndertakingReport' taxonomy element seemingly aimed at this population.

2. Specific comments on the template and digital format

2.1. Technical reporting format for EU-headquartered groups

The draft Implementing Regulation requires in-scope EU-headquartered groups to use an **XBRL taxonomy** for their public CBC report. An annex to the draft Implementing Regulation sets out this draft XBRL taxonomy.

Almost all in-scope EU-headquartered groups already prepare a CBC report under the instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU. For this non-public CBC report, the OECD requires the use of an **XML schema**.² This XML schema has been in use for a number of years, is already broadly practice-tested, and is known to and accepted by the global business community and the IT vendors.

² Source: <https://web.archive.oecd.org/temp/2021-03-24/392446-country-by-country-reporting-xml-schema-user-guide-for-tax-administrations.htm>

Since Article 48c (3) allows in-scope EU-headquartered groups to base their (new) public CBC report on their (available) OECD CBC report, the Commission should allow the use of a technical reporting format that does not result in a disproportionately high administrative burden or costs for EU-headquartered groups (see above).

The Commission should allow EU-headquartered groups who **apply Article 48c (3)** to use a new **XML schema** for their public CBC report. This XML schema for public CBC reports should be published as a new annex to the draft Implementing Regulation and should – as directly and as closely as possible – be based on the already available OECD CBCR XML schema (see above). The option to use an XML schema avoids a duplication of work and helps to minimize the compliance burden, the compliance costs, and the IT arising from the public CBC report. Even though XBRL and iXBRL are both technically based on XML, they are more complex than XML and not yet known to most business community working on OECD CBC reports.

Of course, in case of use of the OECD XML schema, it would need to be a version of OECD XML schema that strips out all elements not relating to information required under the Public CBCR Directive. In addition, this should not be restricted to EU-headquartered groups only – i.e., non-EU headquartered groups should also be allowed to use the same adapted OECD XML schema.

The Commission could require EU-headquartered groups who do **not apply Article 48c (3)** to use the draft version of the **XBRL taxonomy**, which is included in the annex to the draft Implementing Regulation.

2.2. Form of reporting template for non-EU headquartered groups

The Preamble of the draft Implementing the Regulation reads that *“An ultimate parent undertaking or standalone undertaking that is not governed by the law of a Member State and which makes accessible to the public a report in compliance with Article 48b(6) of Directive 2013/34/EU is not under an obligation to use the template and electronic formats set out in this Regulation. For the purposes of complying with Article 48b(6), an ultimate parent undertaking or standalone undertaking not governed by the law of a Member State should make its report accessible in a machine-readable format and identify therein a single subsidiary or branch governed by the law of a Member State that has published a report in that Member State. However, there is no impediment for an ultimate parent undertaking or standalone undertaking that is not governed by the law of a Member State and its identified single subsidiary or branch governed by the law of a Member State to use the template and electronic formats laid down by this Regulation for the presentation of the report.”*

Non-EU headquartered ultimate parent entities complying with Article 48b (6) thus do not need to use the EU template or the electronic reporting format set out by the Commission in the draft Implementing Regulation if they do not wish to do so. However, beyond noting that such non-EU headquartered ultimate parent entities and their single designated subsidiaries or branches must still make their filed public CBC report accessible in a machine-readable format, no additional guidance is provided as to what format such filing should take.

Similarly, as mentioned in the draft Implementing Regulation in relation to Articles 48b (4) and (5), if the ultimate parent entity does not provide all the required information, the EU medium or large sized subsidiaries and branches are required to draw up, publish and make accessible a public CBC report alongside a statement indicating that their ultimate parent undertaking did not make the necessary information available. When drawing up such reports and statements, those subsidiaries should not be covered by the obligation to use the common template and electronic reporting format set out in this draft Implementing Regulation.

If the current template were to be used by such groups, then the following fields which would apply in such circumstances are currently missing from the template provided although XBRL tags have been provided for these in the draft template XBRL tags.

- **Name of EU medium/large subsidiary/branch of a non-EU headquartered company making the report of income tax information for the group publicly available** – Where this occurs, the non-EU headquartered entity must state the EU medium/large subsidiary/branch who has made this report publicly available. The current EC template does not appear to include any field in which to provide this information in.
- **Statement of failure by a non-EU ultimate parent entity to provide sufficient reportable information to its EU subsidiary/branch to allow them make the group's public CBCR filing** – Where this occurs the EU medium or large sized subsidiary or branch must state in their filing that this information was not provided to them by their non-EU ultimate parent entity. The current Commission draft template does not appear to include any field in which to provide this information.

We would thus welcome the addition of the above-mentioned fields in the in the draft template.

2.3. Information not required by the EU public CBCR Directive

Annex II contains the following taxonomy elements that do not correspond to any elements in the lists of disclosable information in Article 48c (2) of the Directive:

- Capital
- CapitalOtherTaxJurisdictions
- DisclosureOfAdditionalInformationMandatedByNationalLawExplanatory
- DisclosureOfAdditionalInformationMandatedByNationalLawOtherTaxJurisdictionsExplanatory
- PublicSubsidiesReceived
- PublicSubsidiesReceivedOtherTaxJurisdictions
- RevenuesRelated
- RevenuesRelatedOtherTaxJurisdictions
- RevenuesUnrelated
- RevenuesUnrelatedOtherTaxJurisdictions

These should be removed from the taxonomy. The purpose of the Regulation is to facilitate the Directive, and the Directive does not envisage, encourage, or recommend that national governments collect this data. Inclusion risks giving mixed messages and confusing businesses and tax authorities.

If these items are retained, they should not be included in the 'core taxonomy'. For example, they could be placed in a separate table of 'voluntary' or 'optional' elements. In any case, the Commission should make it clear in the Regulation that these elements are not mandatory under the Directive. This may require changes to the comment in the preamble that *"An undertaking should ensure that all the information disclosed in the report is marked up, where it corresponds to elements set out in the core taxonomy"* and in Annex II *"When marking up disclosures, undertakings shall use the core taxonomy element with the closest meaning to the meaning of the disclosure being marked up."*

2.4. Treatment of branches/permanent establishments/partnerships/non-resident companies in Section 3 (list of subsidiaries and activities)

Based on the wording of the Directive, and the draft template, it appears that only ‘subsidiary undertakings’ should be listed in the table on Section 3. This would be consistent with the nature of the Directive forming part of an accounting/company law Directive. It would however be helpful if the instructions noted this explicitly.

- In particular, where a business opts to use the instructions in Section III, Parts B and C of Annex III to Council Directive 2011/16/EU, it would be helpful if the instructions to the template clarified that, notwithstanding that under a Council Directive 2011/16/EU on CBC Report the permanent establishments (and certain other non-incorporated entities such as trusts or common law partnerships) could be treated as disclosable ‘Constituent Entities’, Section 3 of the EU public CBC report should only include those Constituent Entities that are ‘subsidiary undertakings of the group’ under the accounting Directive.

The header to the relevant column of Section 3 simply states “Name of each subsidiary undertaking in the Member State or tax jurisdiction” without clarifying the precise meaning of ‘in’.

- If an entity – ‘Subsidiary x’ say – is a ‘subsidiary undertaking’ that is incorporated in and governed by the laws of Member State D, but is resident for corporate tax purposes in Member State E, it would be helpful if the instructions clarified whether ‘Subsidiary x’ should appear in the row for Member State D or the row for Member State E. Such clarification should be provided for both where a report is prepared under Section III, Parts B and C of Annex III to Council Directive 2011/16/EU, and where it is not, noting that, groups reporting under Directive 2011/16/EU will generally classify their corporate constituent entities based on the jurisdiction of corporate tax residence.
- We would welcome clarification on the way the template would apply where the same subsidiary has operations in more than one country? For example, if ‘Subsidiary y’ is a ‘subsidiary undertaking’ that is incorporated in and governed by the laws of Member State A, but it also has:
 - Example 1: a branch in Member State registered for local company law/accounting purposes; and/or
 - Example 2: a different type of permanent establishment, subject to corporate income tax in Member State C.

It would be helpful if the instructions clarified whether ‘Subsidiary x’ should appear only in the row for Member State A, or whether it should also appear in the rows for Member State B and/or Member State C.

This clarification should be provided for both where a report is prepared under Section III, Parts B and C of Annex III to Council Directive 2011/16/EU, and where it is not.

2.5. Disclosure of reportable information relating to undertakings deemed not to be resident in any tax jurisdiction for tax purposes

The draft Implementing Regulation clarifies that where the group follows reporting instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU (i.e. prepares its public CBCR filing using its non-public CBCR filing and related guidance, then any undertakings deemed not to be resident in any tax jurisdiction for tax purposes should be reported in the “All other tax jurisdictions (aggregated basis)” box.

It is, however, not made clear as to how these entities should be reported where the group chooses not to prepare its public CBCR on the basis of reporting instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU. We thus call on the Commission to clarify this point.

2.6. Non-EU headed banks subject to CRD IV

There is a potential unintended asymmetry in the Directive in the way that the exemption within Article 48b (3) (i.e. for financial institutions already subject to public country-by-country reporting under Article 89 of Directive 2013/36/EU – CRD IV) is limited to paragraph 1 of Article 48b – and so does not assist with the Article 48b (4) and 48b (5) obligations of EU subsidiaries/branches of financial institutions headed outside of the EU.

We would welcome the Commission to revisit this issue and amend Article 48b (3) to refer to paragraphs 4 and 5 as well as paragraph 1. In the meantime, the Commission could consider including language in this Regulation, allowing for existing CRD IV reports to be considered to be reports prepared in a compliant template/format for EU public CBCR Directive purposes.

2.7. Dormant entities

Section 3 appears to require the inclusion of all dormant subsidiary undertakings located in a Member State or reportable jurisdiction.

We would welcome the Commission revisiting this point as the inclusion of a long list of dormant entities will likely be of limited use to a user of a public CBC report. Their inclusion may also cause confusion for the ‘business activities’ column of Section 3 if (per comments herein), activities are reported on a jurisdictional basis.

2.8. Disclosure of business activity related information

The draft Implementing Regulation provide that how this information is disclosed is dependent on whether or not the group is reporting in line with instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU:

- Where the group **reports in line** with the instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU the same business activity list as currently used for the non-public CBCR should be used for public CBCR;
- Where the group **does not follow** the reporting instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU then the business activity descriptions which must be used are the NACE code descriptions per Annex I of Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

The NACE code list is notably more comprehensive than that outlined in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU meaning this information will be reported in different levels of detail by different groups, increasing complexity.

2.9. Disclosure of subsidiary or branches names

The Directive provides under Recital 13 that: *“The report on income tax information should include, where applicable, a list of all the subsidiary undertakings, in respect of the relevant financial year, established in the Union or in tax jurisdictions included in Annex I and, where applicable, in Annex II to the relevant version of the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes. In order to avoid creating an administrative burden, the ultimate parent undertaking should be able to rely on the list of subsidiary undertakings included in the consolidated financial statements of the ultimate parent undertaking.”* The description of the activity in the public

CBC report should only be related to those entities. Based on the above, the list of subsidiaries should in principle not include subsidiaries located in any other jurisdiction.

Section 3 of the draft template only refers to “Member State or tax jurisdiction”. We would suggest to make clear in the template that the information related to Section 3 only relates to subsidiary undertakings established in the European Union or in tax jurisdictions included in Annex I and, where applicable, in Annex II to the relevant version of the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.

2.10. Disclosure of public subsidies received

We understand from Annex IV Taxonomy Elements / Table 2 List of taxonomy elements, that the Commission intends to include in the template for EU Public CBC report information on public subsidies received.

In our view, this would represent an expansion of the scope of the Directive and as such there would be no legal basis in Directive 2013/34/EU to do so as Article 48c exhaustively lists tax information to be mandatorily disclosed. Accordingly, we would suggest removing such requirements from the public CBC report requirements set in the draft Regulation.

2.11. Transition period for using the EC prescribed template has been provided

The draft Implementing Regulation states that the template must be in use for public reports of income tax information in relation to financial years starting on or after 1st January 2025. No additional guidance was provided with respect to what that template should look like in the interim period, e.g., for businesses reportable periods starting before 1st January 2025 such as companies with a 30 June year-end.

It would be helpful if, in the preamble to Regulation, the Commission strongly encourage Member States to accept reports drawn up in accordance with the template and format for any filings for periods prior to 1 January 2025.

2.12. Application of the safeguard clause

We note the absence of guidance on the application of the safeguard clause if permitted by the applicable national laws in accordance with Article 48c (6) of Directive 2013/34/EU, especially for non-EU headquartered groups. The issue at stake is similar to the one detailed above on the application of the Directive in case of variances in the national rules. We would thus call on the Commission to clarify that the safeguard clause should be available to non-EU headquartered groups if the UPE prepares the public CBC report and chooses to file it in a Member State have taken this option in its national law. We would assume for the sake of simplicity in that case that the safeguard clause should be available for commercially sensitive information related to all EU Member States in which the multinational group is present, no matter how the safeguard clause has been transposed locally. Similarly, we would welcome clarification and guidance on what is a “duly reasoned explanation regarding the reason for the omission”.

2.13. Proposal for additional voluntary explanations field in the public CBCR template

In accordance with Article 48c (7) of Directive 2013/34/EU: *“The report on income tax information may include, where applicable at group level, an overall narrative providing explanations for any material discrepancies between the amounts disclosed pursuant to paragraph 2, points (f) and (g), taking into account, if appropriate, corresponding*

amounts concerning previous financial years". A field has been provided in this respect for voluntary explanations for material discrepancies between income tax paid and accrued in section 5 of the draft template. As the public CBCR contains other items than income tax paid and accrued, it would be beneficial to include a field for voluntary explanations concerning other items. It could be suggested that there is a general field for voluntary disclosures that could be tagged to certain items, similar to Table 3 of the template for the non-public CBCR outlined in Section III, Part A of Annex III to Council Directive 2011/16/EU. Such explanations should of course be entirely voluntary and up to the business to decide whether to include, given the absence of such voluntary explanations should not affect the validity of the report. Similarly, it would be important to make clear that the inclusion of an explanation in one year should not give rise to a requirement or expectation to include a similar explanation in subsequent years.

2.14. Use of additional columns in the public CBCR template

The reporting instructions of section 2 of the template state that *"for any additional information, as many additional columns may be added as necessary on the right hand side of the table"*. No further clarification has been provided regarding the nature of the additional information, i.e., whether it should consist of additional numerical data or if text information, such as comments associated with specific jurisdictions, is allowed. Allowing text information might prove useful to provide further context and explanation on raw tax data that are complex.

2.15. Translation and language specification for the template

Article 3 of the draft Regulation reads that *"Undertakings shall ensure that the visual presentation and content of the report on income tax information comply with the specifications provided for in Annex I."*

Some jurisdictions require that the submission of the public CBC report is made in the local language, whereby it would be beneficial to clarify whether the template can be translated into the local language of the Member States, and to include a field in the template to specify the language of the public CBC report.

It would also be beneficial to clarify whether such obligation to file the public CBC report into the local language would apply to public CBC reports directly prepared by the non-EU UPE as such requirement may increase the administrative burden and associated cost. Limiting such requirements would limit complexity as it would be easier to allow the use of one common language such as English for non-EU UPEs.

2.16. Specific comments on Annex I – Section 1 – General information

Reporting currency: To better align with the wording in Article 48c (2) (a), and in Directive 2011/16/EU, the name "Currency used" or "Currency used for the presentation of the report" would be clearer than "Reporting currency", and would avoid confusion with the currency used in the financial statements.

Country where the ultimate parent has its registered office: This datapoint is not contained in Article 48c (2). In line with Article 48b, we would recommend to the Commission asking instead which country or Member State's national laws govern the UPE.

Is the information in the public CBC report based on reporting instructions used for tax purposes, pursuant to Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU (yes/no)? Businesses will frequently use OECD Inclusive Framework materials on Action 13 – most notably the OECD's [Guidance on the Implementation of Country-by-Country Reporting](#) – to assist in interpreting the instructions within Section III, Parts B and C of Annex III to Council Directive 2011/16/EU. For example, the OECD Implementation Guidance clarifies the correct treatment of intragroup dividends for the 'profit/(loss) before income tax' purposes. It would be helpful the ability/requirement to use the

OECD guidance in order to interpret Section III, Parts B and C of Annex III to Council Directive 2011/16/EU was explicitly acknowledged in the preamble to the Regulation and/or the Instructions.

2.17. Specific comments related to Annex I – Section 2 – Overview, and Annex I – Section 3 – List of subsidiaries

Member State or tax jurisdiction (Annex I – Section 2 – Overview): The instructions could confirm whether, if a group has no presence in a particular Member State (and/or a particular disclosable Annex I/II third country), any such rows and corresponding XBRL tags should simply be omitted. If the Commission expects there to be a visible ‘nil’ line in the template for each Member State or third country, and/or if the Commission expects there to be a non-visible line of (tagged) zeros in the XHTML file, we would call on the Commission to clearly state it in the instructions.

The reference to the ‘*Full*’ name of the Member State or tax jurisdiction could be misinterpreted. It would be preferable to write ‘France’ or ‘Sweden’ instead of ‘the French Republic’ or ‘the Kingdom of Sweden’.

2.18. Specific comments related to Annex I – Section 3 – List of subsidiaries

Undertakings acquired/disposed of mid-way through the year: It would be helpful if the reporting instructions confirmed whether or not a subsidiary undertaking that is disposed of, or acquired, mid-way through a reporting fiscal year should be included in this table.

Brief description of the nature of activities in the Member State or tax jurisdiction - It is unclear from the table whether this information is required on a subsidiary-by-subsidiary basis, or on a country-by-country basis, i.e., in the example table provided, should there be three separate entries for the main activities of subsidiary a, b and c; or does a business describe the overall activities of a, b and c. If activities are disclosed on a country-by-country basis, further guidance on what it means to be a “main” activity would be useful – i.e., if subsidiary c has only one business activity, but the overall size of subsidiary c is negligible compared to subsidiaries a and b, would it still be considered as a “main” activity.

Similarly, in situations where a subsidiary entity incorporated in Member State A, has a branch in Member State B, we would welcome clarification on where to report the business activities of that branch, i.e., either to be reported in the row for Member State A or Member State B.

2.19. Specific comments related to Annex I – Section 4 – Temporarily omitted information

Omitted information: In most cases, it is likely businesses will not need to use these boxes. It would be helpful if the instructions could confirm that the boxes (and the corresponding tagging) can be omitted if they are not used.

Where a business needs to report data omitted in previous years, it would be helpful if the instructions confirmed whether any numerical data in the relevant boxes should or should not be tagged with specific iXBRL tags for numerical data, or whether the box is simply treated as a text box.

2.20. Specific comments related to Annex I – Section 5 – Explanations for material discrepancies between income tax paid and accrued

If a business is not using Section 5, due to the non-mandatory nature of the box, they should be able to omit the box from their report entirely (and omit any related XBRL tags), rather than be required to include a visible empty box. It would be helpful if the instructions explicitly confirmed this.

2.21. Specific comments related to Annex II

In line with comments above, it may be helpful to include a column in these tables (or using a separate table) clarifying whether use element is mandatory (i.e., must be used in every report), mandatory if relevant (i.e. must be used if the relevant datapoints are present in the template) or entirely optional.

We would be happy to discuss any comments or questions you may have regarding our responses. We can be reached as follows: pzalba@deloitte.com or rpozacid@deloitte.es.

Yours sincerely,

A handwritten signature in blue ink, consisting of a stylized 'P' and 'Z'.

Pablo Zalba
Managing Director EU Policy Centre

A handwritten signature in blue ink, consisting of a stylized 'R' and 'C'.

Roberta Poza Cid
EU Tax Public Policy Leader