



Attn Mr. John Berrigan
Director General
DG FISMA
European Commission
1049 Bruxelles
Belgium

2 September 2024

Dear Mr. Berrigan,

Subject: PwC response to the European Commission request for feedback on public 'country by country' reports Draft Implementing Regulation and Annex

PwC International Ltd (PwC), on behalf of the PwC network, welcomes the opportunity to respond to the request for feedback on the public 'country by country' reports Draft Implementing Regulation and Annex, by way of this letter.

Public country by country reports ('pCBCR') will soon be required from multinationals under the Directive (EU) 2021/2101 requiring disclosure of corporate income tax information. A range of new tax disclosures are required from large businesses, including non-public CBCR, CSRD, and Pillar Two GloBE Information Returns. We welcome the Commission's efforts to provide a standardised reporting template and filing mechanism for pCBCR. However, in line with the EU's objective to increase the attractiveness of the EU as a place to do business, we feel as much standardisation as possible of the broad range of tax disclosures relating to reporting mechanisms, data-formats and data-points would be immensely valuable.

We raise the following specific points in respect of the Draft Implementing Regulation ('the Regulation') and the associated Annex ('the Annex') for your consideration:

The accounting periods for which reporting is required

- We note that the Directive applies to accounting periods beginning on or after 22 June 2024. This is earlier than the first application date prescribed by the Regulation for the reporting template (fiscal years beginning on or after 1 January 2025). We strongly advise that the date of the common template be synchronised to mirror the date in the Directive of 22 June 2024. Can you confirm what should be the approach for businesses with entities in early-filing Member States, such as Romania?

Difference in reporting depending on the ultimate parent entity's location

- It is our understanding under recital (9) a non-EU headquartered company is not required to use the prescribed template and electronic formats set out in the Regulation either for the report *published* on the parent's website or for the report filed in the EU by a nominated subsidiary of the group. If this is not the case, please make this clear.
- It also appears that entities filing reports under Article 48b (4) or 48b (5) of the Directive do not have to prepare a disclosure in machine-readable format. It would be helpful to have it confirmed that these reports do not have to be in a machine-readable format.

Aggregation basis for non-EU jurisdictions

- We understand that information relating to undertakings not tax-resident in any tax jurisdiction shall be aggregated within the line 'All other tax jurisdictions', but that in all other respects, the rules in Section III, Parts B and C, of Annex III to Council Directive 2011/16/E and relevant OECD rules and guidance should be followed when preparing the information for such undertakings. If this is not the case, further clarification would be welcomed.
- As the intention of the Regulation is to receive detailed disaggregated data in relation to each EU Member State and black/grey list jurisdictions, and aggregate data in relation to all other jurisdictions, we understand that for Section 3 it is only necessary to list individual entities that operate in the EU and black/grey list jurisdictions, but if this is not the anticipated outcome, we ask that this be made clear in the Specific reporting instructions.

Use of XBRL as the filing mechanism

- We understand that XHTML has been chosen for consistency with other comparable requirements, for example the sustainability statements which are to be drawn up by certain undertakings pursuant to Directive 2013/34/EU. As the OECD standard for non-public CBCR (including the XML system) has been used consistently for several years, and is now well understood by taxpayers and tax authorities alike, we suggest as much alignment as possible with this standard.
- The difference between Paragraph 5 of Page 2 which states 'the reports on income tax information (...) should be **presented** in XHTML format' and Paragraph 6 which states 'should be **marked up** in XBRL standard' is not clear. What is the difference between 'presented' and 'marked-up', and is such a difference intended? Does 'marked-up' mean tagging of the data for submission so that it can be consolidated and comparable across MNE submissions? Again, clarification would be very helpful.

Provision of supplementary information

- We recommend clarifying the intended purpose of the column described as “Additional columns may be added as necessary”, in Section 2 / Page 2 of the Annex. In particular, it would be helpful if such clarification could confirm whether additional columns would be prescribed by the Member States (how many and for what purposes), or whether the columns can be added on an elective basis by businesses to provide further information.

Permanent establishment reporting

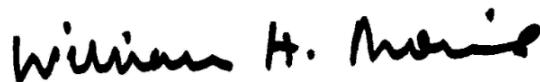
- The template would appear to require only subsidiaries to be listed and not to require the inclusion of branches or permanent establishments as is required by the non-public OECD CBCR template. It would be helpful if this understanding could be confirmed.

Guidance in relation to the completion of the report

- It would be beneficial to clarify if non-public CBCR guidance provided in Council Directive 2011/16/EU, the OECD's BEPS Action 13 report, and Guidance on the Implementation of Country-by-Country Reporting (last updated in May 2024) as well as any subsequent guidance can be used to complete the pCBCR and if there are or might be any restrictions or limitations using these sources.

We hope that you will find our observations and suggestions of use, and we would be happy to discuss these in more detail, if that would be helpful at any point. Please do not hesitate to contact me or any of the individuals set out below.

Yours sincerely,



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