



Dear XXX,

We trust this email finds you well and we would like to take this opportunity to show appreciation for all the efforts undertaken by [country name] within the OECD Inclusive Framework for the Global Tax Reform.

As part of the international network of the International Chamber of Commerce (ICC), we have constructively engaged throughout the whole public consultation process on the Two-Pillar solution, aiming to ensure the administrability of the new rules and the overall success of the project, whose goal is to stabilise the international tax system.

As ICC [National Committee] and ICC Global we understand the underlying policy intent of the global minimum tax and we have constructively contributed to the debate and public consultation process undertaken by the OECD and by single jurisdictions. In this regard, we would like to emphasise that the proposed level of compliance associated with the GloBE Information Return (GIR) remains very concerning for MNEs. This is particularly relevant for the majority of [country name] based MNEs which operate in countries where the GloBE tax rates are much higher than the 15%.

More specifically, the public consultation document released by the OECD in December 2022, seems to outline that a Constituent Entity by Constituent Entity (CE) disclosure in the GIR could be requested in all countries of implementation. However, many consolidation reporting systems used by MNEs are not based and do not work on a CE-by-CE basis. Instead, the central reporting packages currently in use are based on sub-layers, with the aim to harmonise the data coming from multiple ERP systems and the reporting is often undertaken at the country, region or business line level.

MNEs have dozens of different ERP systems producing the source data before the information is harmonised in consolidation layers. Moreover, in the case of business acquisitions which take place on a frequent base in our global economy, the acquired company/group may remain under its own original data/reporting system for a significant time frame and thus, be dealt with separately.

Ensuring compliance with the minimum tax rules will require heavy investment from businesses in means and resources needed to perform the GloBE calculations at jurisdictional level which are essential to determine the presence of a top-up tax liability.

We believe that the current reporting systems operate in such a way that they will still be able to provide the base information needed for the Pillar 2 top up tax calculations. MNEs already attribute the accounting data to a specific country in order to determine deferred tax assets and liabilities based on the tax rate of each country.

Moreover, in the case of CEs which are part of a tax consolidation group in a jurisdiction, the GloBE rules already allow an election pursuant to Article 3.2.8 to make consolidation adjustments for transactions within the tax group. As such, it may be more practical to treat the tax consolidation

group as a single CE for the purpose of the GIR given that the MNE can leverage the existing reporting systems to make adjustments at the tax consolidation group level.

Conversely, the development of a CE-by-CE reporting system for each country would require millions of euros of investments and resources which will not provide additional information. We strongly believe that such investments would be **disproportionate and unreasonable in light of the policy intent** at stake. From our membership, we understand that for the overwhelming majority of MNEs, less than 5 countries would be concerned by a potential top up tax situation, and for amounts which are generally not material compared to the overall tax charge of the group. Given the significant amount of manual adjustments required, providing CE by CE level information may only provide a 'perceived' level of accuracy.

We believe that a more simplified approach from a compliance point of view is a goal that is shared and in the best interests of tax authorities as well. A CE-by-CE disclosure would imply the analysis of thousands of pages of return for each MNE given the high number of entities and data points required. This entails a difficult and time-consuming review process from tax authorities. If a CE-by-CE approach is maintained, we are concerned about the **high risk of non-success of the P2 project**, due to the fact that both MNE and tax authorities will not be able to cope with the amount of data produced, further leading to increasing uncertainty.

For all these reasons, we urge the [name of the country] government and its OECD Inclusive Framework delegates to support a simplified approach, consistent with the feedback from the public consultation, whereby only the jurisdictional GloBE calculation would be disclosed on the GIR.

Such an approach would still require the MNE to be ready to provide more details in the course of a tax audit or information request aligned with what they are already required to provide for tax audits under the present corporate tax calculations.

An additional level of assurance is provided by the statutory auditors of the group who will also review the GloBE calculations in order to assess that the top up tax estimate of the company in the published accounts is accurate.

Other key features for business that have already been stressed during the OECD's public consultation earlier this year are the need for segmentation and centralisation of the GIR: this is notably to ensure that sufficient safeguards are in place regarding the confidentiality and sensitivity of the data provided to countries.

Finally, we also endorse the design and introduction of permanent jurisdictional Safe Harbours based on CbCR data which would represent an effective instrument allowing a simplified approach whilst still capturing top up tax situations. We encourage the delegates to discuss this point further, and we stand ready to help design a Safe Harbour that is both effective while not representing an element of risk for the tax authorities.

We are grateful for your consideration and would welcome the opportunity to further engage with you on this matter. We remain at your full disposal for any clarification of the points raised and to provide any further information you may need.