

## **Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Commission's public consultation on 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**

September 2024

The Global Legal Entity Identifier Foundation (GLEIF) welcomes the opportunity to provide the European Commission (EC) with input on the template and electronic formats for 'country by country' reports.

GLEIF welcomes the inclusion of the ISO17742 [Legal Entity Identifier \(LEI\)](#) as one of the identifiers that can be substituted to a name by which undertakings identify themselves in the Inline XBRL.

The LEI is a 20-character, alpha-numeric code which connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions (e.g. The European Commission's LEI is 254900ZNYA1FLUQ9U393)<sup>1</sup>.

Each LEI contains information about an entity's ownership structure and thus answers the questions of 'who is who' and 'who owns whom'. The publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency.

GLEIF therefore believes that the LEI should not merely serve as an alternative to the name of undertakings identifying themselves in templates under Annex III point 4 of the public Country-By-Country reporting framework.

Instead, using the LEI as the primary means of identification - alongside the entity name – would significantly enhance the ability of authorities and stakeholders to review the input reported by companies.

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<sup>1</sup> LEI Reference Data of the European Commission, last accessed on 03 September 2024:  
<https://search.gleif.org/#/record/254900ZNYA1FLUQ9U393>

To fully leverage the benefits of the LEI for due diligence and reporting processes, GLEIF also recommends that guidance clarify the need for regular updates of the LEI in accordance with the [Global LEI system policy](#). This will ensure that the verification procedure remains credible and accurate.

Furthermore, adopting the LEI as the primary identifier would improve data quality by minimising confusion caused by similar entity names or translation issues. The LEI directory is also freely accessible and easy for the public to use, further supporting transparency and accuracy.

In this context, a 2021 study ‘An identifier to characterize groups’ global expansion strategies’<sup>2</sup> authored by Banque de France economists has shown how LEI data can provide up-to-date information on groups’ ownership structure and the location of their operations, notably in offshore financial centers (OFCs).

Last but not least, the obligation for parent companies to publish a list of their subsidiaries that includes only the names of the entities without mandatory identification number, represents a missed opportunity to ensure precise and transparent identification. Encouraging companies to provide the LEI where available would significantly enhance the utility of this data for users. This approach aligns with the new EU AML Regulation<sup>3</sup> (AMLR), which supports the adoption of the LEI for the identification and verification of customers and beneficial owners for legal entities.

GLEIF remains available to provide further clarifications regarding the LEI. Please do not hesitate to engage us in discussions and questions related to the LEI in future consultations.

#### More about the LEI

The ISO 17442 LEI was developed under the auspices of the G20 leaders and the Financial Stability Board during the 2008 financial crisis to create transparency amongst counterparties to financial transactions. GLEIF’s day-to-day work is overseen by more than 65 public authorities – including 25 from the EU. The LEI is an interoperable, open, and machine-readable identifier. It is available to all legal entities worldwide and is already in use in over 75 pieces of EU legislations for reporting purposes (e.g., the European Single Electronic Format (ESEF), the Markets in Financial Instruments Directive (MiFID), the European Market Infrastructure Regulation (EMIR), the Alternative Investment Fund Managers Directive AIFMD, the Transparency Directive and many others).

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<sup>2</sup> Dominique Durant, Kevin Parra Ramirez, Geneviève Toubol, *An identifier to characterize groups’ global expansion strategies*, 2021, Accessible on Banque de France website (last accessed on 03 September 2024): <https://www.banque-france.fr/en/publications-and-statistics/publications/identifier-characterize-groups-global-expansion-strategies>

<sup>3</sup> [https://www.europarl.europa.eu/doceo/document/A-9-2023-0151-AM-329-329\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/A-9-2023-0151-AM-329-329_EN.pdf)

The political drivers behind the LEI initiative, including the G20, the FSB, and the European Systemic Risk Board (ESRB) have emphasised the need to make the LEI a broad public good. The Global LEI Index provides complete LEI data at the disposal of any interested party, conveniently and free of charge. This includes real-time snapshots of key company data and provides a history of any changes to it.

In addition, data access is conveniently provided via website search functions, full file downloads and an Application Programming Interface (API). It also enables automated security checks where the LEI of the filing entity is also embedded in the signing tools or digital certificate

#### **About GLEIF**

The Global Legal Entity Identifier Foundation ([GLEIF](#)) is the not-for-profit foundation that manages the ISO 17442 Legal Entity Identifier (LEI).