
IFRS Taxonomy Consultative Group (ITCG) meeting

Date	1 February 2024
Project	Common Practice and General Improvements
Topic	Seeking feedback on proposed topics for the 2024 Common Practice and General Improvements Update
Contacts	Jatin Garach (jgarach@ifrs.org)

This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards.

Objective

- To provide a shortlist of topics that may be addressed as part of the common practice and general improvements update to the 2024 IFRS Accounting Taxonomy and ongoing research topics that may form part of future updates.
- ITCG members are asked to provide feedback on these suggested topics and other topics that should be considered.

Agenda and summary of questions

1 Work plan, proposed topics for 2024 Update and ongoing research topics

2 Topics for 2024 Common Practice and General Improvements Update

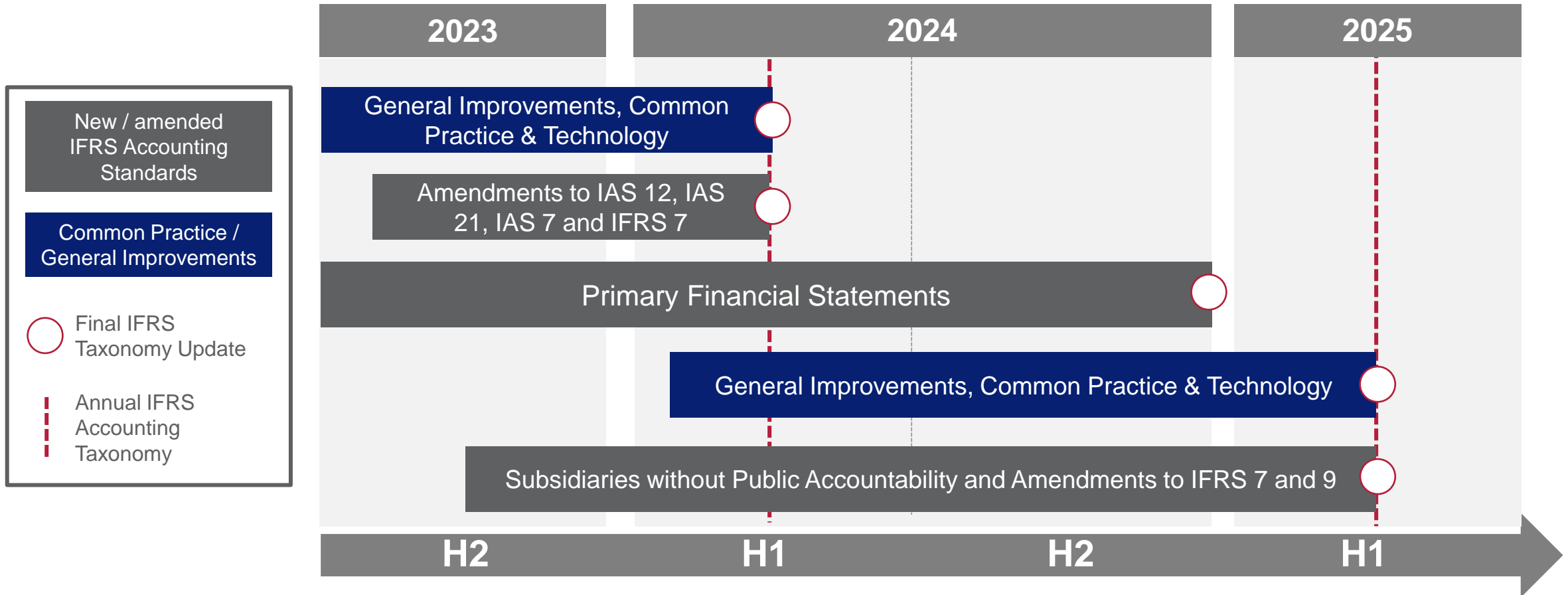
Question 1—If we decide to focus on a few sub-topics relating to financial instrument note disclosures, which sub-topics relating to financial instrument disclosures would be most useful to analyse in the upcoming Common practice and General improvements update?

Question 2—Do you have any comments/suggestions on the proposed areas of focus for the 2024 Common Practice and General Improvements Update?

3 Ongoing research topics

Question 3—Do you have any comments/suggestions on the ongoing research topics? In addition to the topics discussed, are there any topics that you think may warrant further research for inclusion in either the 2024 Common Practice and General Improvements Update or a future update? Specifically—we are looking for feedback on the scope and urgency of topics with the greatest potential benefit to digital financial reporting.

IFRS Accounting Taxonomy—Work plan



- New / amended IFRS Accounting Standards
- Common Practice / General Improvements
- Final IFRS Taxonomy Update
- ⋮ Annual IFRS Accounting Taxonomy

Factors considered in determining shortlist of topics



Feedback from ITCG

Feedback from ITCG meetings help us identify areas for improvement



Implementation of Taxonomy

Feedback from stakeholders and analysis of reporting practice to identify areas for improvement



IASB agenda

Research projects and Post-implementation Reviews (PIR) prompt us to consider Taxonomy development on the related topics



Potential impact on Taxonomy

Topics with a greater perceived impact on the Taxonomy are prioritised, while also considering resource constraints

Proposed 2024 Update topics and ongoing research topics

Proposed 2024 Update topics (slides 7–11)

Topic	Priority
① Financial instrument note disclosures	High
② Introduction of guidance elements	Low
③ Further work on categorical elements	Medium
④ Linking concepts for various forms of connected reporting	Medium

Ongoing research topics (slides 12–15)

Topic	Priority
① Analysis of national tagging guidance	Medium
② Analysis of ESEF guidance on hierarchy of narrative elements	High
③ Review of common practice elements that are no longer used	Medium
④ Updating reference types	Low

Proposed 2024 Update topics



1 Financial instrument note disclosures

Description	<ul style="list-style-type: none"> We plan to continue our review of financial instruments, focussing on the note disclosures prepared by banking entities. We have identified sub-topics within the financial instrument note disclosures: <ul style="list-style-type: none"> Risk management disclosures (credit risk, liquidity risk, market risk); Hedge accounting disclosures; and Reconciliations of financial instruments Additionally, we have received feedback that the IFRS 7 ELR¹ can be confusing to navigate and further structuring of elements may help understandability and navigability of the Taxonomy
Impact on Taxonomy	<ul style="list-style-type: none"> This topic is expected to have a large impact on improving the Taxonomy by potentially reducing the number of extensions entities would need to create However, given that this topic is quite extensive, we are considering whether to address only a few sub-topics within financial instrument note disclosures in the upcoming Update.



Question 1—If we decide to focus on a few sub-topics relating to financial instrument note disclosures, which sub-topics relating to financial instrument disclosures would be most useful to analyse in the upcoming Common practice and General improvements update?

¹ An ELR (Extended Link Role) groups similar or related concepts in a presentation group and provides a unique six-digit number and label for that presentation group.

2 Introduction of new guidance elements

Description

- The purpose of *guidanceitemtype* elements would be to help preparers and users navigate the IFRS Accounting Taxonomy when viewing the Taxonomy through a presentation linkbase. These elements are akin to abstract elements and would not be used for tagging but can provide structure to the IFRS Accounting Taxonomy.
- Introduction of guidance elements could **improve investor useability** and **improve the cost and ease of preparation of digital financial reports**.
- For example—a guidance element included above the elements for basic and diluted earnings per share in the [310000] *Statement of comprehensive income, profit or loss, by function of expense ELR* can guide preparers and users to elements relating to how the weighted average number of shares for basic and diluted EPS are calculated in the [838000] *Notes – Earnings per share ELR*

Impact on Taxonomy

- This topic is expected to impact the understandability and navigability of the Taxonomy favourably and help preparers understand the connection between related elements in the Taxonomy.
- Such improvements are particularly useful when related elements are presented across more than one ELR

3 Further work on categorical elements

<p>Description</p>	<ul style="list-style-type: none"> • There are disclosure requirements arising from IFRS Accounting Taxonomy 2023—Proposed Update 1 <i>International Tax Reform—Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability</i> for which we may propose related categorical elements. <ul style="list-style-type: none"> • For example—paragraph 88A of IAS 12 requires an entity to disclose a statement that the entity has applied the exception relating to deferred tax assets and liabilities related to Pillar Two income taxes. This requirement may be best reflected by a Boolean element. • As a next step in facilitating the use of categorical elements, we plan to research the utility of creating a link between categorical elements that communicate information about accounting policy choices and the elements that are affected by that accounting policy choice. <ul style="list-style-type: none"> • For example—to link the categorical element for the accounting policy choice for Investment Property to the carrying amount of Investment property on the statement of financial position and investment property note disclosure.
<p>Impact on Taxonomy</p>	<ul style="list-style-type: none"> • This topic is expected to have a medium impact on the Taxonomy and would facilitate better usability and linking of elements within the Taxonomy. • Given the positive feedback we received in the implementation of categorical elements, we plan to build on this work previously done to improve useability of categorical elements.

4 Linking concepts for various forms of connected reporting

Description	<ul style="list-style-type: none"> To facilitate greater understandability and linking of digital financial reports, we plan to consider how to use fact-explanatory Fact links to connect related elements within the Taxonomy. The introduction of such links would be introduced via a Technology update to the Taxonomy. These links could help users of digital financial reports understand how one concept is explained by another and could be used to communicate the link between monetary and narrative information. Example— <ul style="list-style-type: none"> Cost of sales of CU70 is presented in the statement of comprehensive income and the notes to the financial statements includes the following disclosure: <i>‘Included in cost of sales is an expense of CU10 for abnormal amounts of wasted materials’.</i> The fact-explanatory Fact mechanism can link these two facts to provide higher quality data for users of digital financial information.
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Impact on Taxonomy	<ul style="list-style-type: none"> This topic is expected to have a medium impact on the Taxonomy and would facilitate better usability and linking of elements within the Taxonomy.
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Question 2—Do you have any comments/suggestions on the proposed areas of focus for the 2024 Common Practice and General Improvements Update?

Ongoing research topics



Ongoing research topics



The following tables summarise the Taxonomy topics in our research pipeline.

Depending on how the research progresses and our initial observations, these topics may form part of the 2024 Common Practice and General Improvements Update.

Topic	Description
1 Analysis of national tagging guidance	<ul style="list-style-type: none"> Following the introduction of ESEF, various national regulators or bodies have published guidance on tagging, either generally or for specific industries. Such guidance often includes suggestions for extension elements. Analysing such guidance, and the corresponding reporting practice, would likely be an efficient way to identify common issues and potential improvements to the IFRS Accounting Taxonomy. We plan to include such national tagging guidance in our analysis of common practice to the extent that it relates to a specific topic (for example—Financial instruments).
2 Analysis of ESEF guidance on hierarchy of narrative elements	<ul style="list-style-type: none"> In accordance with ESEF guidance on text-block tagging, the same piece of information may be tagged by multiple, overlapping text block elements. We plan to research whether some narrative elements are superfluous and can be avoided by restructuring or deprecating text block elements that cover largely overlapping content or are excessively broad to be considered useful.

Ongoing research topics



The following tables summarise the Taxonomy topics in our research pipeline.

Depending on how the research progresses and our initial observations, these topics may form part of the 2024 Common Practice and General Improvements Update.

Topic	Description
3 Review of common practice elements that are no longer used	<ul style="list-style-type: none"> To support the understandability and navigability of the Taxonomy, common practice elements that are no longer used by preparers should be deprecated. Common practice elements, such as narrative elements and text block elements relating to specific note disclosures may no longer be used as new Standards are introduced and reporting practice evolves.
4 Updating reference types	<ul style="list-style-type: none"> The IFRS Accounting Taxonomy uses three reference types: disclosure, example and common practice We plan to research the use of other reference types for elements that do not directly relate to a disclosure requirement. For example—use of a plain ‘reference’ on members to avoid confusion over what is a disclosure and what is descriptive of the disclosure.

Question



Question 3—Do you have any comments/suggestions on the ongoing research topics? In addition to the topics discussed, are there any topics that you think may warrant further research for inclusion in either the 2024 Common Practice and General Improvements Update or a future update? Specifically—we are looking for feedback on the scope and urgency of topics with the greatest potential benefit to digital financial reporting.