

## Meeting note—IFRS® Taxonomy Consultative Group

The IFRS Taxonomy Consultative Group (ITCG) held a conference call on 31 January 2019.

This note summarises that conference call. Related papers and a recording of the call are available on the [meeting page](#).

ITCG members discussed:

- the comment letter analysis for the IFRS Taxonomy 2018—Proposed Update 1 *Common Practice (IFRS 13 Fair Value Measurement)*; and
- the improvements made to *Using the IFRS Taxonomy—a Preparer's guide*.

### Proposed IFRS Taxonomy Update—Common Practice (IFRS 13): analysis of comments received

1. The staff discussed the proposals respondents did not fully agree with or had additional suggestions about:
  - a) sensitivity of fair value measurement to changes in unobservable inputs (paragraphs 2–10);
  - b) quantitative information about significant unobservable inputs used in fair value measurement (paragraph 11–12);
  - c) other proposed improvements (paragraphs 13–18); and
  - d) general comments on topics not included in the Proposed IFRS Taxonomy Update (paragraph 19).

#### Sensitivity of fair value measurement to changes in unobservable inputs

*Element reference type for the ‘unobservable inputs’ axis and ‘unobservable inputs’ member*

2. The staff presented a revised proposal to change the reference type from ‘common practice’ to ‘disclosure’ for the reference to paragraph 93(d) of IFRS 13 for the ‘unobservable input’ axis and the ‘unobservable inputs’ default member. The staff proposed this change because they agreed with a respondent to the proposed update who argued that it would be illogical to have an axis that reflects common practice with members that reflect disclosure requirements.
3. No ITCG member expressed disagreement with the revised proposal relating to the element reference.

*Implementation note for the percentage type element(s) depicting a reasonably possible change in unobservable inputs*

4. In response to feedback on the proposed update, the staff presented a revised proposal for the wording of the implementation note. The staff proposed, for example, referring to a ‘2 percentage point increase’ instead of a ‘2% increase’. One ITCG member said they agreed with the proposed change because it makes the intended use of line items clearer.
5. Another ITCG member mentioned that, while he does not disagree with the proposed change, he would prefer the percentage sign (%) instead of percentage point because in practice most companies use the percentage sign in their XBRL filings. The staff responded that the fact that the line item refers to a percentage is indicated in the element type.

6. No ITCG member expressed disagreement with the revised proposal relating to the wording of the implementation note.

*Adding new line items for the change in the fair value to distinguish between the effect on: (i) profit or loss and other comprehensive income and (ii) before and after tax*

7. Two respondents to the proposed update expressed concerns that aspects of the proposals may be inconsistent with IFRS 13. The staff noted that the proposals in the proposed update reflect common reporting practice and are not inconsistent with the requirements in IFRS 13. Consequently, the staff propose retaining the proposals in the proposed update.
8. One ITCG member strongly agreed with the proposal in the proposed update. This member commented that adding the proposed line items will make the information clearer for users of financial statements because the labels companies use within their paper-based financial report do not always indicate this information.
9. Another ITCG member expressed the opinion that most companies disclose pre-tax amounts because they are an additional disaggregation of amounts reported in the statement of financial position (which does not include tax). However, this member agreed that having line items for both before and after tax would help avoid entities having to create extensions for these items.
10. No ITCG member expressed disagreement with retaining the proposals in the proposed update.

### **Quantitative information about significant unobservable inputs used in fair value measurement**

#### *Discount rate and interest rate*

11. Respondents to the proposed update suggested that it would be helpful to clarify the difference between the elements 'Discount rate' and 'Interest rate'. Consequently, the staff presented a revised proposal to clarify, in the documentation label, that the new 'discount rate' element should be used as an input for valuation techniques based on a present value calculation.
12. No ITCG members expressed disagreement with the revised proposal relating to the documentation label.

### **Other proposed improvements**

*Adding new line items for the reconciliation from opening to closing balance of fair value measurements: gains (losses) relating to exchange differences*

13. One respondent to the proposed update disagreed with the proposals and suggested using a single line item to reflect exchange differences. The staff had considered, and rejected, the suggested approach because it is inconsistent with IFRS 13. The staff instead proposed using an approach where the effect of exchange rates is split between profit and loss and other OCI because our analysis showed that companies often disclose separate line items to present the effect of the changes in foreign exchange. To avoid any confusion between the new line items and existing line items for gains and losses, the staff presented an updated proposal to clarify that those existing line items include exchange differences.
14. One ITCG member reiterated some concerns from the feedback received on the proposed modelling in the IFRS Taxonomy. This member agreed that the proposal in the proposed update is appropriate and consistent with IFRS 13, but at the same time was concerned that preparers may misunderstand the proposed modelling and tag using inappropriate elements. The misunderstanding might occur and may cause confusion because the proposed IFRS

Taxonomy model is different to presentation in reporting practice and the element labels. The staff responded that the revised element label aims to clarify the intended use of the elements.

15. Another ITCG member agreed with the revised staff proposal to clarify the existing line items for gains and losses. No ITCG member expressed disagreement with the revised proposal.

*New text line items for transfers between levels of fair value hierarchy*

16. One respondent to the proposed update disagreed with the proposal to add the line items as 'text' elements and suggested reflecting them as Boolean elements to facilitate better consumption of XBRL data. The staff noted that the proposal in the proposed update is consistent with common reporting practice and that Boolean element type is currently not used in the IFRS Taxonomy.
17. One ITCG member expressed agreement with the proposal in the proposed update to add new IFRS Taxonomy text elements, but also re-emphasised the benefits of using Boolean elements in the Taxonomy. The staff responded that using new features in the IFRS Taxonomy requires separate analysis and discussion with the ITCG and, hence, is outside of scope of this update. However, the use of Boolean elements may be considered in future.
18. No ITCG members expressed disagreement with retaining the proposal in the proposed update.

**General comments**

19. The staff provided an overview of comments by respondents on the appropriate use of labels and suggested areas for future common practice analysis. The ITCG offered no comments on this section.

**Update on the Preparer's guide to using the IFRS Taxonomy**

20. The staff updated the ITCG members about the improvements made to the *Using the IFRS Taxonomy—a Preparer's Guide* and asked ITCG members to continue to provide feedback on any further potential improvements. ITCG members did not provide any suggestions during the call.