



Summary of the IFRS Taxonomy™* Consultative Group discussions

The IASB's IFRS Taxonomy Consultative Group (ITCG) held a conference call on 11 December 2014

This note is prepared by staff of the IASB, and is a high level summary of the discussions that took place. The agenda and the related papers are available on the [meeting page](#).

The topics that were discussed are:

- the staff proposal for the IASB to approve IFRS Taxonomy common practice ('CP');
- ITCG reviews in progress or upcoming; and
- outstanding actions from the October ITCG face-to-face meeting.

The staff proposal for the IASB to approve CP content

The staff updated the ITCG on the due process trial for CP, stating that the current focus of the trial is on internal education and the assessment of the most appropriate level of engagement of the IASB with CP. Reassessment of the benefits of CP and the risks that might arise from IASB's involvement in CP are among two of the areas being considered by the staff.

The staff presented their views on the benefits of CP and asked members of the ITCG for their opinion. Members of the ITCG agreed with the benefits that the staff presented. They emphasised that CP supports useful electronic financial reporting, because it brings commonality where this is observed in practice (through an agreed set of tags) and clarity (through precision of the terms used by preparers). Other members highlighted the strategic benefits to the IASB. Those members hold the view that as the IFRS Taxonomy is a global reference model for IFRSs, it can be used to ease first-time adoption and to support consistent application of the Standards leading to global harmonisation of IFRS financial reporting. Other members pointed out CP may inform and benefit standard-setting as it provides an empirical feedback loop to the IASB as to how entities are applying and implementing IFRSs.

The staff then moved on to explain that IASB approval of CP carries the potential risk of the taxonomy being perceived or used as an authoritative and exhaustive list of elements that entities must report and/or tag within their electronic filings. A member of the ITCG remarked that this risk will largely depend on how wide and how detailed the extent of the IASB's involvement is. Clear definition of the scope of the IASB's involvement and communication of this to users of the IFRS Taxonomy can be used to mitigate any such risks that may exist.

Some members of the ITCG questioned how significant this risk is. One member stated that every IFRS Taxonomy element has a reference to identify it as a common practice or IFRS disclosure requirement. Another member highlighted that he has heard that regulators and preparers perceive the IFRS Taxonomy CP not as a potential interpretation of IFRSs but as a useful tool to aid adoption of IFRSs. It helps to shape more principle-based thinking. This would especially be the case in countries where a more rule-based reporting regime was used prior to adoption of IFRSs.

Another member of the ITCG expressed the view that the IFRS Taxonomy due process for CP should recognise the unique nature of CP, namely that it is an application of a Standard. For that reason, the due process should not be the same as the due process that is applied for taxonomy amendments that reflect new or amended Standards, but should instead be largely a staff-driven process with the IASB providing mainly oversight and governance.

One member of the ITCG, representing regulators, expressed the view that the judgement on whether CP content is consistent with IFRSs is best done by the IASB. Regulators do not want to interpret the Standards.

ITCG reviews in progress or upcoming

The staff provided a summary of the content and timeline of the *Proposed Interim Release 3*, which is currently being reviewed by the ITCG.

The staff also informed the ITCG of the upcoming publication of the Exposure Draft *Disclosure Initiative* (Proposed amendments to IAS 7). As a trial, the Proposed Taxonomy Update is included as accompanying materials to the Exposure Draft. In addition, the Invitation to Comment integrates questions related to the taxonomy changes and to the IFRS Taxonomy due process. The Chair of the ITCG asked the staff to schedule an ITCG meeting for early 2015 to discuss the questions as a group but also encouraged members to respond individually to the public consultation.

Outstanding actions from the October ITCG face-to-face meeting

The staff updated the ITCG on the progress and steps taken to address some of the outstanding actions from the October ITCG face-to-face meeting. In summary:

- review of the EBA and EIOPA data model for credit risk disclosures by staff has been completed, this review did not highlight any amendments to be made to the IFRS Taxonomy;
- the 'Draft *Regulator's Guide to Using the IFRS Taxonomy*' has been updated to reflect ITCG review comments received, publication of the guide is planned for Q1 2015; and
- the staff plans for the publication of a potential research paper on entity-specific disclosures

Members of the ITCG did not raise any specific concerns or had comments at this stage.