

Summary of the IFRS Taxonomy™ Consultative Group discussions

The IASB's IFRS Taxonomy Consultative Group (ITCG) held a conference call on 17 June 2015.

This note has been prepared by the 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:

- ITCG taxonomy review—*IFRS for SMEs*;
- Regulator's guide to using the IFRS taxonomy; and
- IFRS Taxonomy due process—analysis of comments.

ITCG Taxonomy Review—*IFRS for SMEs*

The staff gave an update on developments for the *IFRS for SMEs*. In May 2015, the IASB completed a comprehensive review of the *IFRS for SMEs* and made limited amendments to the Standard. The ITCG review period of the draft taxonomy reflecting those amendments ended on 4 June. The staff stated that two members of the ITCG commented on the proposed changes and had expressed their agreement with them.

The staff explained the main data modelling decisions that had followed. This mainly related to investment property. Within the *IFRS for SMEs*, there are two sections dealing with investment property. These are:

- Section 16 *Investment Property at Fair Value*
- Section 17 *Property, Plant and Equipment*.

Section 17 deals with investment property at cost. Until now, investment property at cost was classified as a class of Property, Plant and Equipment. The amendments to the Standard require separate presentation (in the financial statements) of investment property at cost. Within full IFRS, IAS 40 *Investment Property* incorporates the requirements for both investment property at cost and investment property at fair value. Consequently, the IFRS Taxonomy for SMEs has separate ELRs and line items to depict the measurement method followed for investment property whereas the full IFRS Taxonomy has one ELR and uses a dimensional approach to depict the measurement method followed.

One ITCG member asked whether this implies that the staff are considering a move towards more comprehensive descriptions of element names, ie including properties used for previously used dimensions. This member also expressed the view that a dimensional model for the measurement method (as it the case for full IFRS) would also meet the presentation and disclosure requirements of the *IFRS for SMEs*. The staff clarified that this specific modelling decision is not indicative of any future strategic direction of the IFRS Taxonomy data model; it mainly reflects the wording and structure of the *IFRS for SMEs*.

A member of the IASB commented that the presentation and disclosure requirements for investment property are now conceptually aligned between full IFRS and the *IFRS for SMEs*.

Regulator's Guide to using the IFRS Taxonomy

The staff informed the ITCG that the *Regulators' Guide to using the IFRS Taxonomy* is now publicly available. The guide was launched alongside the first IFRS Taxonomy workshop held in Tokyo in early June 2015. The staff had received various review comments from members of the ITCG on the draft version of the guide. As a result, some changes have been made; for instance, the guide now incorporates a new section on entity-specific extensions to the

IFRS Taxonomy. The staff also explained that the guide is considered to be a 'living document'; it will be updated whenever new best practices emerge or to respond to comments received.

One ITCG member asked how regulators are using the IFRS Taxonomy in practice; specifically whether they extend the IFRS Taxonomy or alternatively use the IFRS Taxonomy as a basis for creating their own stand-alone taxonomy. The staff referred to the public release of the IFRS electronic filing profiles. Responses have been received from regulators to the survey, and although it is too early to make firm conclusions, information received so far seems to indicate that most regulators are creating extensions to the IFRS Taxonomy. Another member of the ITCG asked whether the guide incorporated specific guidance on this. In this member's view, modification of the IFRS Taxonomy structure would be rather worrying. The staff responded by stating that the IFRS Taxonomy files should not be modified; it is planned to prohibit this explicitly within the planned revised Terms and Conditions for using the IFRS Taxonomy.

IFRS Taxonomy Due Process—Analysis of Comments

The staff updated the ITCG on the current status and planned next steps. The staff have prepared a feedback summary of the comments received on the Exposure Draft *Disclosure Initiative* (proposed amendments to IAS 7). This will be presented to the IASB at its June 2015 meeting.

Question 3(d) of the Exposure Draft related to anticipated common practice. The staff will recommend to the IASB that the (final) *IFRS Taxonomy Update* should be limited to information required by proposed amendments to IAS 7 or presented in the illustrative examples in IAS 7. One member of the ITCG asked the staff to clarify the underlying rationale for this. The staff explained that there is no established framework for identifying anticipated common practice elements and furthermore that there is a risk that incorporation of such elements might lead to interpretation of the Standards or could be perceived as constituting additional guidance to the Standards. The staff also informed the ITCG that 6 out of the 11 respondents who commented on Question 3(d) did not support the inclusion of anticipated common practice within the *IFRS Taxonomy Update*.

Question 4 of the Exposure Draft related to the IFRS Taxonomy due process. The staff provided a short update on the comments received. The trial succeeded in soliciting an unprecedented response on the content of the IFRS Taxonomy, but most respondents did not support the proposal to align the IFRS Taxonomy and standard-setting process. The next step is for the staff to discuss this with the IASB at its July meeting.

Members of the ITCG had the following comments and questions.

One member asked whether this process would now apply to all upcoming Exposure Drafts. The staff explained that this was only a trial. Formal recommendations and the *Invitation to Comment* on the IFRS Taxonomy due process will be provided to the DPOC for their approval in October 2015.

A member of the IASB asked members of the ITCG for their views on the risks and costs, specifically whether the proposal would impose an additional burden on software vendors and others reviewing the IFRS Taxonomy. A member of the ITCG stated that concurrent consultation is more effective. Another member pointed out that it was easier to respond to the Exposure Draft with targeted questions than by doing one big annual assessment of the proposed changes.

One member of the ITCG expressed the view that the proposal reflects the likely future role of technology within corporate reporting. In this member's view, the IFRS Taxonomy and electronic reporting will become increasingly relevant. Not moving forward with the proposal now raises the question of whether, and if so when, the IFRS Foundation would need to review the IFRS Taxonomy due process again.

Members of the ITCG and the staff also discussed the timing of the public consultation.

One member of the ITCG said that in his experience, reviewing the content of the IFRS Taxonomy prior to the Standard being finalised helps to ensure that the wording of the Standard is clear. This opportunity is missed when reviewing the IFRS Taxonomy takes place after the Standard is finalised.

Another member pointed out that the presentation and disclosure requirements are still subject to change between the Exposure Draft and final Standard and therefore there should be another chance to comment on the IFRS Taxonomy. The staff stated that they are considering amending the proposal to incorporate a fatal flaw review step for the (final) *IFRS Taxonomy Update* at the pre-ballot stage. Another member said that from a preparer's point of view, there is a

worry about duplicating the review and this is a concern in terms of expense and the amount of work. Preparers may prefer the IFRS Taxonomy review to happen at the time that the Standard is finalised.

Another member thought that improvements could still be made to the format we use to expose the changes to the IFRS Taxonomy to a broader audience. In this member's view, the *IFRS Taxonomy Illustrated* is a powerful aid to help respondents understand the impact (and context) of the proposed changes. It is important that we receive input from users and preparers. The staff agreed that there is still room for improvement to the format of the Proposed IFRS Taxonomy Update. This is a topic that could be discussed in more detail at a future face-to-face meeting of the ITCG.