IFRS Taxonomy Consultative Group (ITCG) meeting

Date 12-13 October 2023
Project Digital Reporting
Topic Update on digital reporting activities and taxonomy workplan
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Overview

1. Taxonomy team workplan

2. IASB’s digital reporting priority activities
Taxonomy team workplan

2023-2025
Accounting - current workplan

2023
- General improvements
- Amendments to IAS 7, IAS 12 and IAS 21
- Financial Instruments (Face)
- Primary Financial Statements
- Subs without public accountability

2024
- Financial Instruments (Notes)
- SMEs review
- Amendments to Classification and Measurement of Financial Instruments

2025
- New / amended IFRS Accounting Standards
- Common Practice / General Improvements
- Proposed / Final IFRS Taxonomy Update
- Annual IFRS Accounting Taxonomy

- Financial Instruments (Notes)
Accounting - future topics

Standards (next step publication)
Rate-regulated activities (replacing IFRS 14)

Standards (next step exposure draft)
Financial Instrument with Characteristics of Equity
Business Combinations – Disclosures, Goodwill and Impairment

Equity Method (IAS 28, for investments in associates)
Dynamic Risk Management (IFRS 9, hedging)

Common Practice
Ongoing common practice review for financial instruments
Potential common practice reviews (see slide 6)
Potential future common practice reviews

- Potential review of common practice (CP) relating to revenue disclosures
  - IASB is currently conducting a Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*, with comment period for *Request for Information* closing on 27 October 2023
- Potential review of usage in reporting (ESEF, UKSEF, SEC etc)
- Potential review of narrative and historic CP elements

**Question for ITCG members**

1. Based on your experience, in which of these areas would CP review be most useful and why? Are there any other areas in which CP review would be useful?
Sustainability - Current Timeline

- **IFRS S1 & IFRS S2 published**
  - 26 June 2023

- **Proposed Taxonomy published**
  - 27 July 2023

- **Public consultation**
  - 60 days comment period

- **Provide feedback summary to ISSB**
  - H2 2023

- **Final Taxonomy published**
  - H1 2024

- **Review by the IFRS Taxonomy Consultative Group**

- **Developed in tandem with IFRS S1 & IFRS S2—enables digital consumption when the Standards are first applied**

- **IFRS S1 & IFRS S2 effective date**
  - 1 Jan 2024

- **Sustainability disclosures applying IFRS S1 & IFRS S2 become available**
  - 1 Jan 2025
Update on IASB’s digital reporting priority activities
## Improved Taxonomies

### Information required by Standards meets users’ digital consumption needs
- Consideration of digital representation when drafting IFRS Standards
  - Digital reporting implications continue to be considered as part of standard-setting projects
  - Materials are being developed to help improve consideration of digital reporting in the standard-setting process
- Research how users’ needs are changing in light of increased digital consumption and address implications in standard-setting
  - Work has commenced to identify ways users’ needs are changing and possible implications on the standard-setting process *(this work will inform the development of materials noted above)*

### Improved Taxonomies
- Common practice updates
  - Per taxonomy team workplan
- Representing relationships/context digitally
  - Options to represent relationships/context digitally are being explored as part of IFRS 18
  - The use of categorial elements is being considered
- Improved navigability and data validation
  - Options for providing a taxonomy viewer are being explored
  - Waiting for capacity to progress further work
- Stakeholder engagement and reviews of digital financial reports to identify issues and root causes
  - Waiting for capacity to undertake targeted stakeholder engagement and review of digital financial reports

### Horizon scan for technological disrupters
- Monitoring for technological disrupters that affect the need for digital taxonomies
  - The staff continue to monitor for technological disrupters

## Organic activities

### Update the IFRSAT for changes to IFRS Accounting Standards
- Per taxonomy team workplan

### First wave (priority) activities

<table>
<thead>
<tr>
<th>Information required by Standards meets users’ digital consumption needs</th>
<th>Improved Taxonomies</th>
<th>Optimal adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration of digital representation when drafting IFRS Standards</td>
<td>Common practice updates</td>
<td>Engage with digital ecosystem stakeholders to gain momentum towards the digital vision and encourage large markets to transition from current to optimal adoption</td>
</tr>
<tr>
<td>Digital reporting implications continue to be considered as part of standard-setting projects</td>
<td>Representing relationships/context digitally</td>
<td>• We continue to engage with the increasing number of jurisdictions that are moving towards our digital vision</td>
</tr>
<tr>
<td>Materials are being developed to help improve consideration of digital reporting in the standard-setting process</td>
<td>Improved navigability and data validation</td>
<td>Support regulators adopting IFRS AT to do so in the optimal way</td>
</tr>
<tr>
<td>Work has commenced to identify ways users’ needs are changing and possible implications on the standard-setting process <em>(this work will inform the development of materials noted above)</em></td>
<td>Stakeholder engagement and reviews of digital financial reports to identify issues and root causes</td>
<td>• Work has commenced to update the IFRS Taxonomy regulator guide. An updated guide is expected to be published in H1 2024</td>
</tr>
<tr>
<td>Research how users’ needs are changing in light of increased digital consumption and address implications in standard-setting</td>
<td>Monitoring for technological disrupters that affect the need for digital taxonomies</td>
<td>Encourage public statements of support from international policy-makers</td>
</tr>
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<td>Work has commenced to identify ways users’ needs are changing and possible implications on the standard-setting process</td>
<td><em>The staff continue to monitor for technological disrupters</em></td>
<td>• We continue to engage with international policy-makers to encourage statements of support of IFRS digital taxonomies</td>
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## Other activities

- Improving the IFRS architecture & development process
  - The staff are developing a policy document to facilitate more efficient taxonomy development
  - The staff continue to consider connectivity with the ISSB’s work on digital financial reporting