

---

## IFRS Taxonomy Consultative Group (ITCG) meeting

Date           **15 December 2025**

Project       **Digital Financial Reporting**

Topic         **General improvements update – Text elements review**

Contacts      **Kenny Ng** ([kenny.ng@ifrs.org](mailto:kenny.ng@ifrs.org))  
                  **Owen Jones** ([ojones@ifrs.org](mailto:ojones@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), the International Sustainability Standards Board (ISSB), or any individual IASB or ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards or IFRS Sustainability Disclosure Standards.

---

## Contents

- Purpose of the session (3)
  - Recap of previous discussions (4-5)
  - Proposed approach for simplifying granular narrative elements (6-10)
  - Alternative proposed approach (11-15)
  - Timeline and next steps (16-17)
-

---

## Purpose of this session

1. To address feedback and discussions from October 2025 ITCG meeting
2. To discuss the timing and publication of general improvements PTU and next steps

### Questions for ITCG members



**Question 1** — Do you agree with the current proposed approach, especially regarding tag usage data being an additional input to validate the proposals?

**Question 2** — Do you agree with the staff conclusion to reject retaining deprecated elements as abstract elements (as part of this project)?

**Question 3** — Do you have any concerns about our timeline and next steps? Are there any specific disclosures or areas where you believe targeted consultation during the PTU comment period is essential?

---

## Recap



## Recap of ITCG Meeting in October 2025

- The staff presented *academic research* on use and tagging of narrative information and *analysis of tag usage* to assess probable impact of decisions

No	Key feedback received from ITCG members	Our assessments and responses
1	Cautioned against deprecating elements solely based on the <b>tag usage</b> *	We agree, and this is why usage data has only been used to inform us and as a <b>double-check</b> to identify any proposed consolidations that should be dropped (Slide 8)
2	Suggested <b>retaining certain elements as abstract elements</b> (not used for tagging) for analytical context, explanatory value or understanding the relationship to the text of the Standards	Have considered and <b>are minded to reject, for now</b> , retaining elements as abstract elements (Slides 11-15). This may better fit in a broader discussion we plan to have on how taxonomies should evolve in the age of AI.
3	Raised concerns about some <b>specific elements</b> (IFRS 15 and IFRS 8)	For key disclosures, we plan to conduct a <b>thorough review</b> and may consider <b>targeted consultation/testing</b> during the public comment period

\* ITCG members cautioned against deprecating elements solely based on the **tag usage** because (1) usage is driven by current filing requirements so probably does not reflect actual disclosure levels; (2) some rare disclosures may be significant for those who do report them or in certain circumstances; or (3) poor report structure and inconsistent tagging may often be the real causes of low usage

---

## Proposed approach for simplifying granular narrative elements



# Our proposed approach to simplify the granular narrative elements

**1** Identify granular<sup>1</sup> narrative elements

**2** Determine whether the elements represent disclosure requirements that are expected to be ‘separately understandable’, ‘readily identifiable’ and preferably ‘consumed separately’ (i.e. assess whether information is usually expected to be *disclosed and consumed separately or together*)

Decision	Proposed approach
Information is distinct and usually expected to be consumed <b>separately</b>	No action (i.e. retain granular narrative elements as separate elements)
Information is usually expected to be disclosed <b>separately</b>	Consider carefully whether best to retain or merge, likely to lean towards retaining separate elements <sup>2</sup>
Information is usually expected to be disclosed and consumed <b>together</b>	Merge the elements: <ul style="list-style-type: none"> <li>• with parent or other element that represent a meaningful disclosure</li> <li>• with elements that represent information typically disclosed together to create a new element</li> </ul>

**3** Cross-check the proposals for merging elements with *tag usage data* (to assess impact) **(Slide 8)**

<sup>1</sup> As discussed in previous ITCG meeting, non-granular text block elements will be organised into three categories: Notes, Policy and Table

<sup>2</sup> For key disclosures, we plan to conduct a thorough review and may consider targeted consultation during the public comment period

## 3

## Cross-check the proposals with tag usage data

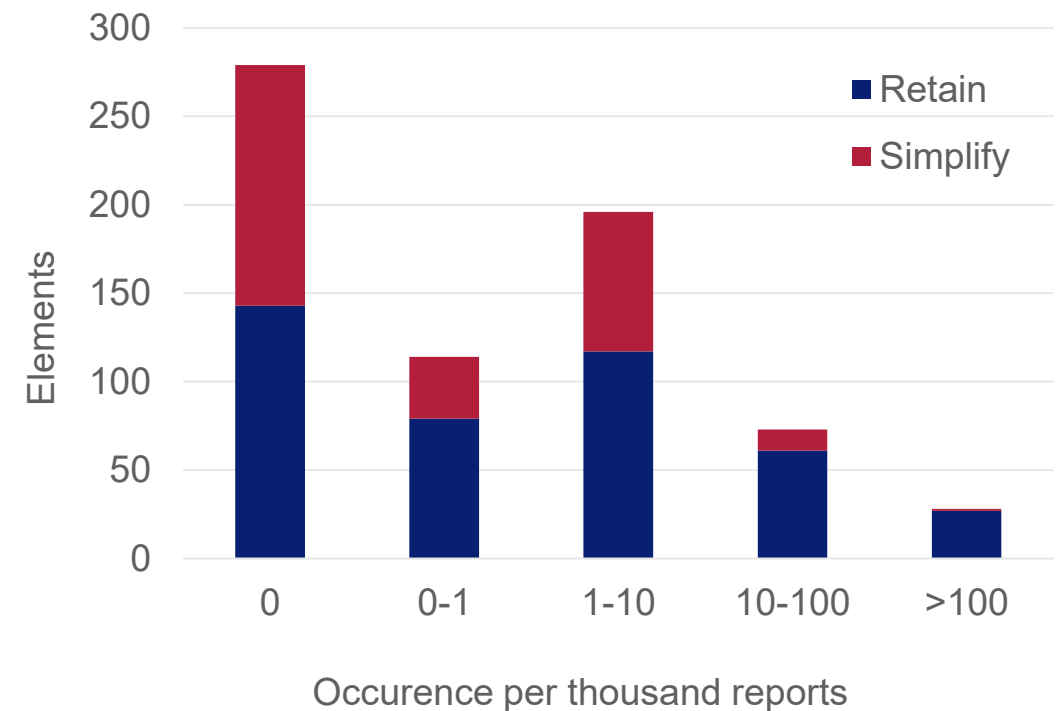
- After determining whether the elements represent disclosure requirements that are expected to be ‘separately understandable’ and ‘readily identifiable’, **tag usage data** will be / has been used as a ***secondary check*** to validate the proposals.
- **Key points to note**
  - we agree with ITCG members that low usage does not directly indicate low importance or low relevance since some tag usage data is inherently limited—tagging requirements vary across jurisdictions, none currently require full usage of detailed narrative elements from the taxonomy.
  - tag usage data was only used as an additional input, with the objective of assessing likely impact and identifying elements that it would be better to retain. Usage data was not the basis for proposing elements to consolidate. In other words, elements will not be removed based solely on their level of usage.



## Usage information

- As expected, our proposed removals skew towards elements with lower usage.
- Some elements initially proposed for removal had higher usage. We reassessed these items, reconsidering both their usefulness (how the information is consumed) and any potential disruption from consolidating them (change of tagging, timeseries breaks), and propose to retain many of them, for example:
  - Sensitivity analysis for types of market risk
  - Separate elements for principal place of business and country of incorporation of subsidiary/joint ventures etc.
  - Disclosure of interests in subsidiaries vs composition of group

**Distribution of proposed element simplification by usage of elements**



---

## Possible modified implementation



## Possible modification: retaining deprecated elements as abstract

- ITCG members commented that removing elements entirely may **reduce clarity**, particularly in jurisdictions seeking a closer mapping between taxonomy elements and the requirements in IFRS Accounting Standards
- One member suggested retaining these deprecated elements as **abstract elements** to preserve structural context that can help in understanding and analysis, including when AI is used
- That is, they would become non-reportable elements (**could not be used for tagging**) that would simply indicate where specific disclosures are included within text blocks

### Example of retaining deprecated elements as abstract

Element label	Element type	Reference
Disclosure of additional information about leasing activities for lessor	Text block	IFRS 16.92
<del>Information about nature of lessor's leasing activities</del>	<del>Text</del>	<del>IFRS 16.92(a)</del>
<del>Information about how lessor manages risk associated with rights it retains in underlying assets</del>	<del>Text</del>	<del>IFRS 16.92(b)</del>
<del>Information about risk management strategy for rights that lessor retains in underlying assets</del>	<del>Text</del>	<del>IFRS 16.92(b)</del>
Information about nature of lessor's leasing activities <b>[abstract]</b>		
Information about how lessor manages risk associated with rights it retains in underlying assets <b>[abstract]</b>		
Information about risk management strategy for rights that lessor retains in underlying assets <b>[abstract]</b>		

Propose to **deprecate** these elements since they are not separately understandable and are expected to be consumed and disclosed together

Possible modification to create these **abstract elements**

## Key considerations

### Benefits

- Provide reference points for preparers and users to search for suitable elements by **phrase search**, in addition to searching paragraph reference\*
- **Closer alignment** between elements and specific disclosure requirements in IFRS Accounting Standards
- **Low effort** to do at this point, but would be high effort to add removed elements back in at later date
- AI model would benefit from structural context, even if elements are not used for tagging, because such **structural context helps machine learning systems analyse reports** more effectively

### Risks

- Abstract elements, or their relationship to usable parent elements, **may not be visible in tagging tools**
  - However, documentation labels\* are also often not visible in tagging tools and people tend not to read the documentation labels
  - May improve over time
- This would be a **change in architecture**; we have not used elements in this way before
- This would be **inconsistent with ISSB taxonomy**
- Arguably internally inconsistent representation since equivalent abstract elements for IFRS 18 would not be created — taxonomy for IFRS 18 was prepared based on revised policy

\* Our current proposed approach was to include (1) paragraph reference(s) of removed elements on retained/merged elements where necessary, and (2) disclosure requirements of removed elements in the **documentation label** of retained/merged element. The retention of elements as non-reportable structural markers would be in **addition** to these changes.

---

## Staff analysis and conclusion

We have considered the alternative approach and are minded to **reject** it<sup>1</sup>, assessing that the disadvantages outweigh the advantages, mainly due to:

- inconsistency with IFRS Sustainability Disclosure Taxonomy in both architecture and modelling approach
- resulting inconsistent representation within the Taxonomy since equivalent abstract elements for IFRS 18 would not be created (note that the taxonomy for IFRS 18 was prepared based on revised policy)
- change in architecture—abstract elements are not currently used in this way in the Taxonomy

We may potentially consider revisit this idea as part of a future holistic review of how our taxonomies should evolve in the age of AI.<sup>2</sup>

---

<sup>1</sup> That is, to not retain consolidated elements as non-reportable structural markers **in addition** to the baseline change to include **paragraph reference(s)** of removed elements on retained/merged elements where necessary, and disclosure requirements of removed elements in the **documentation label** of retained/merged element.

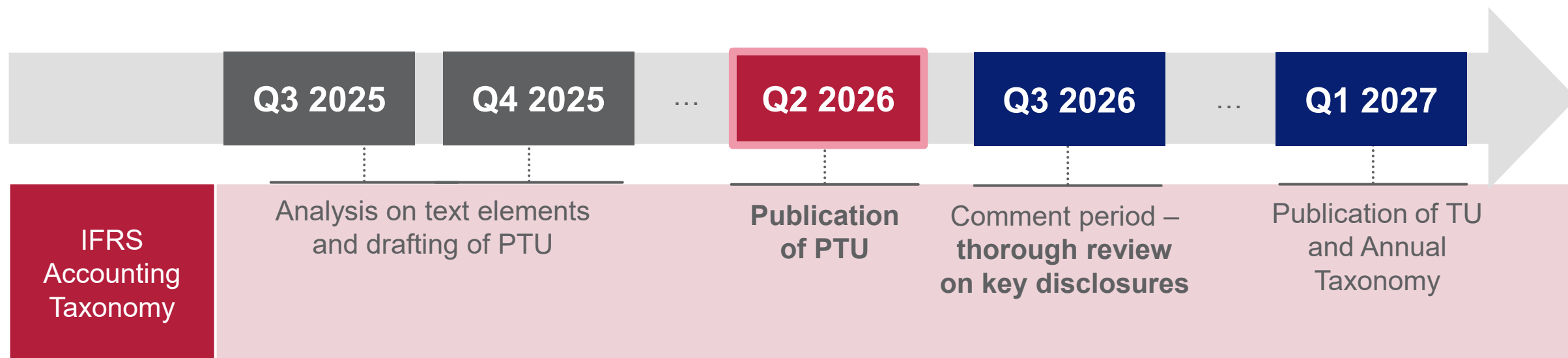
<sup>2</sup> We note that **reinstating such elements once removed would likely take significantly more effort than retaining them (as non-reportable)**.

---

## Timeline and next steps



## Timeline\* and next steps



- We aim to finish our analysis in Q4 2025 and publish the PTU in Q2 2026, separately from PTU for accounting updates (which is now planned for Q3 2026)
- During the PTU comment period:
  - we plan to conduct a **thorough review** and may consider **targeted consultation for key disclosures**

\* Timeline may be subject to change

---

## Questions for ITCG members





---

## Question for ITCG members



**Question 1** — Do you agree with the current proposed approach, especially regarding tag usage data being an additional input to validate the proposals?

**Question 2** — Do you agree with the staff conclusion to reject retaining deprecated elements as abstract elements (as part of this project)?

**Question 3** — Do you have any concerns about our timeline and next steps? Are there any specific disclosures or areas where you believe targeted consultation during the PTU comment period is essential?

---

## Follow us online



ifrs.org



@IFRSFoundation



IFRS Foundation



International Accounting  
Standards Board