Meeting summary

IFRS Taxonomy Consultative Group

Date **6–7 October 2025**

Contacts **taxonomy@ifrs.org**

This document summarises the discussions in a meeting of the IFRS Taxonomy Consultative Group (ITCG), an expert consultative group that advises the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB) on their respective digital taxonomies and related activities. Related papers and recordings of the meeting are available on the meeting page.

Meeting summary

The IFRS Taxonomy Consultative Group (ITCG) met in person on 6–7 October 2025.

ITCG members discussed:

- the digital financial reporting work plan (paragraphs 1–4);
- the general improvements update—text elements review (paragraphs 5–7);
- the drafting guide (paragraphs 8–12); and
- the use of AI in taxonomy development (paragraphs 13–18).

Various ITCG members and guests presented on:

- introduction to Japanese Institute of Certified Public Accountants' (JICPA) activities related on electronic disclosures on EDINET (paragraph 19);
- going digital "Down Under": growing momentum towards digital reporting in Australia (paragraph 20); and
- use of AI by data preparers and aggregators (paragraphs 21–26).

Digital financial reporting work plan (Agenda Paper 1)

1. The staff presented an update on the IFRS Taxonomy work plan, focusing on:
   (a) the consolidation of taxonomy updates into a single annual release to streamline the update process;
   (b) the upcoming Rate-regulated Activities project; and
   (c) the decision not to publish an unchanged Annual Taxonomy 2026.

Consolidating taxonomy updates

2. ITCG members generally supported consolidating taxonomy updates into one release. A few members raised concerns about the practicality of reviewing several updates at once, and emphasised that allowing sufficient time for review is essential.

Rate-regulated activities project

3. ITCG members acknowledged the significance of the prospective IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities*. One member queried whether existing elements related to IFRS 14 *Regulatory Deferral Accounts* would be retained. Staff responded that a decision on those elements would depend on the outcome of taxonomy modelling, but given the introduction of more specific requirements in the prospective IFRS Accounting Standard, many existing elements may no longer be appropriate.

Annual Taxonomy 2026

4. ITCG members generally supported the need for clear and timely communication regarding the decision not to publish an IFRS Accounting Taxonomy in 2026. A few members raised concerns about expired elements remaining in the taxonomy. Members emphasised the importance of publishing guidance to support consistent application.

General improvements update—Text elements review (Agenda Paper 2)

5. The staff provided ITCG members with an update on future general improvements to the narrative elements in the IFRS Accounting Taxonomy, responding to feedback in the previous ITCG meeting regarding academic research and current tagging behaviour.

6. ITCG members generally supported the proposed approach of reducing the number of granular narrative elements. They noted that this approach could enhance consistency and comparability of tagged information. A few members cautioned that data on usage of elements should be interpreted carefully. They expressed concerns about removing elements solely based on the usage data, which could reflect tagging practices rather than relevance of the elements. The staff reassured members that elements were not proposed for removal based on usage data, which was used only to cross-check already-proposed removals for potential impact, as requested by ITCG. One member mentioned that some elements may be under-tagged because they are disclosed outside expected locations or dispersed in multiple sections in the financial statements. The member cautioned against exacerbating this matter by grouping disclosures that are not presented together in practice.

7. One member suggested retaining certain elements, in some form, for analytical context or explanatory value, even if they are not frequently tagged.

Drafting Guide (Agenda Paper 4)

8. The staff provided an update about an internal guidance document for IFRS Foundation (Foundation) standard-setting teams about developing structured disclosure requirements that would facilitate effective modelling of IFRS digital taxonomies. The staff sought feedback from ITCG members on:

   (a) the usefulness of the internal drafting questions for standard-setting teams;

   (b) the appropriate granularity for modelling numerical disclosures;

   (c) the modelling of narrative disclosures and how granularity should evolve; and

   (d) mechanisms for identifying and modelling relationships between reported concepts in digital financial reports.

Usefulness of internal drafting questions

9. Members generally agreed that the internal drafting questions for standard-setting teams help clarify intention and help ensure that the IFRS digital taxonomies accurately reflect the structure and detail of the IFRS Standards. They also emphasised the importance of considering how the information will be disclosed and used digitally, during the standard-setting process rather than after Standards or amendments are issued.

Granularity for modelling numerical disclosures

10. ITCG members discussed the balance between granularity and usability. They noted that industry-specific needs and comparability should guide decisions on granularity and suggested having enough detail to support consistent tagging. Members also emphasised that loss of context is typical in digital formats. They proposed aligning tagging with investor workflows to support data analysis, while preserving necessary context through structural mechanisms such as calculation relationships.

Modelling of narrative disclosures

11. ITCG members observed that how narrative disclosures may become more granular and specific over time, but more granular narrative disclosures are not necessarily more useful. They suggested monitoring common practice and allowing regulators to guide granularity on some disclosures. They also emphasised the importance of structured disclosure and supported early involvement of taxonomy team in the drafting process to improve structure and alignment with digital reporting.

Mechanisms for identifying and modelling relationships

12. ITCG members did not have an extensive discussion on this topic.

Use of AI in taxonomy development (Agenda Paper 8)

13. The staff presented findings from using AI in some taxonomy development processes such as modelling taxonomy elements. They asked the ITCG members for input on potential use of AI in other areas of taxonomy development. ITCG members generally supported the initiatives on using AI in taxonomy development The ITCG members discussed:

    (a) their experiences with using AI in their organisations;

    (b) potential risks to be aware of;

    (c) ways the Foundation can consider using AI; and

    (d) how IFRS digital taxonomies need to evolve to facilitate the use of AI by external users.

Experience using AI

14. During the breakout session, some members discussed the ways they have experimented with AI in their organisations. Some members said that they used AI to automate processes such as coding, summarising meeting notes and error checking. They noted that the quality of output generated by AI can be raised by:

    (a) improving the source data and the prompt;

    (b) carrying out an initial assessment of the achievability of the goals through AI; and

(c) performing validation checks to verify the accuracy of the output.

Potential risks

15. Some members said that significant cost is involved in acquiring the necessary skills to use AI. An area that needs careful consideration would be re-allocation of resources rather than the risk of staff redundancy. Risk associated with integrity and security can be minimised with scenario-based testing.

Areas of work that could be automated using AI

16. Members discussed how AI could be used in the Foundation's work, other than developing taxonomies. The suggestions included using AI in:

    (a) analysing comment letters;

    (b) identifying common practice for purposes of improving the digital taxonomies; and

    (c) analysing and identifying inconsistencies in the IFRS digital taxonomies, which can ultimately reveal inconsistencies in the IFRS Standards.

17. Members discussed challenges in using AI arising from the principle-based nature of the IFRS Standards. A few members suggested using different foundational models for different tasks, because the models have different capabilities.

How taxonomy can evolve to facilitate use of AI

18. The structure provided by the IFRS digital taxonomies for disclosed information will be helpful in facilitating the use of AI by users. Members also mentioned that consistency between the IFRS Standards and the digital taxonomies would facilitate training Large Language Models (LLMs).

Introduction to JICPA's activities related to electronic disclosures on EDINET (Agenda Paper 5)

19. Daisuke Ikadai (JICPA) presented an overview of EDINET and JICPA's work related to electronic disclosure on EDINET based on JICPA's publications. He also introduced the public consultation of importing ISSB Taxonomy into 2027 version of EDINET proposed by Financial Services Agency of Japan (JFSA).

Going Digital "Down Under": growing momentum towards digital reporting in Australia (Agenda Paper 6)

20. Amir Ghandar (Chartered Accountants Australia and New Zealand (CA ANZ)) shared details on:

    (a) the recent inquiry by the Australian Government Productivity Commission on data and digital technology for productivity growth;

    (b) the *Digital Reporting Now* campaign by CA ANZ; and

    (c) the growing momentum towards digital reporting in Australia including the recent joint Deloitte and CA ANZ round table which produced insights from business, professional, government and regulatory leaders including the importance of adopting IASB and ISSB digital taxonomies.

Use of AI by data preparers and aggregators (Agenda Paper 7)

21. ITCG members Emma Burger (Bloomberg), Joel Vicente (CoreFiling) and Andie Wood (Workiva) participated in a panel discussion, providing insights on how AI is used to automate the tagging of financial statements and data collection. They also discussed expected future developments in AI and how IFRS digital taxonomies should evolve to facilitate increased use of AI.

22. The panellists mentioned that AI is used to automate tasks in the process of tagging financial statements including:

    (a) identifying tag positions;

    (b) selecting relevant tags; and

    (c) detecting outliers.

    Selecting relevant tags and tagging the most relevant element are the processes that are most frequently automated by AI. AI-based automation has improved the quality of tag suggestions. Processes such as selecting calculation relationships and cross-references and detecting errors provide fewer opportunities for AI-based automation.

23. Automating the process of data collection using AI has enabled data collectors to focus more on validating the collected data. Automating the data collection process with AI was costly upfront, but resulted in ongoing cost savings.

24. Panellists said that they use different foundational AI models for different tasks in the processes of tagging financial statements and collecting data. They then customise the models to provide better value to their customers. Because of the complexity, higher cost and the time involved, they will not consider developing their own LLMs in the near future.

25. In near future, the panellists expect more development in LLMs specialising in particular tasks. AI will improve to behave more deterministically and the current tagging models for financial reporting will be extended to sustainability reporting. To facilitate increased use of AI in the tagging and data collection processes, the panellists said that it is necessary to:

    (a) link the models to historical data and trends;

    (b) create well-structured process with smaller, well-defined tasks; and

    (c) have more regulatory stability.

26. The panellists agreed that the structure provided by the IFRS digital taxonomies plays an important role in improving the tagging efficiency with AI. Continuing to provide that structure would facilitate the increased use of AI. They also said that to increase the use of AI in tagging and data collection processes it would be helpful if the IFRS digital taxonomies could in the future:

    (a) minimise extensions;

    (b) give more context through documentation labels and references; and

    (c) ensure consistency between IFRS Standards.