Proposed Update 3

Initial Application of IFRS 17 and IFRS 9—Comparative Information

Amendment to IFRS 17

Comments to be received by 17 January 2022
IFRS® Taxonomy 2021

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Comments to be received by 17 January 2022
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Introduction

Why is the IASB proposing changes to the IFRS Taxonomy?

In December 2021 the International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9—Comparative Information, which amended IFRS 17 Insurance Contracts. The amendment permits an entity that first applies IFRS 17 and IFRS 9 Financial Instruments at the same time to apply the classification overlay in paragraphs C28B–C28E of IFRS 17. This is for the purpose of presenting comparative information about a financial asset if the comparative information for that financial asset has not been restated for IFRS 9. The amendment also permits an entity that has applied IFRS 9 before it first applies IFRS 17 to apply the classification overlay in accordance with paragraph C33A of IFRS 17.

The amendment to IFRS 17 requires that if an entity applies the classification overlay, the entity shall disclose qualitative information that enables users of financial statements to understand:

(i) the extent to which the classification overlay has been applied (for example, whether it has been applied to all financial assets derecognised in the comparative period); and

(ii) whether and to what extent the impairment requirements in Section 5.5 of IFRS 9 have been applied.

The IASB proposes to add one text block element to the IFRS Taxonomy to reflect this new disclosure requirement.

Reading this proposed update

This document uses taxonomy-specific terminology. For more information, please refer to the Guide to Understanding the IFRS Taxonomy Update and Using the IFRS Taxonomy—A preparer’s guide. The Appendix briefly explains IFRS Taxonomy terms used in this document.

In this proposed IFRS Taxonomy update, changes to the IFRS Taxonomy elements are shown in tables. New elements are shaded in green.

IFRS Taxonomy files

IFRS Taxonomy files are not provided for this proposed IFRS Taxonomy update because the changes are narrow in scope.

Next steps

Comments on this proposed IFRS Taxonomy update will be analysed and any necessary amendments will be made. After its approval by the IASB, a final IFRS Taxonomy update will be published.

Invitation to comment

The IASB invites comments on this proposed IFRS Taxonomy update, particularly on the questions set out below. Comments are most helpful if they:

(a) address the questions as stated;
(b) indicate the specific IFRS Taxonomy item or group of items to which they relate;
(c) contain a clear rationale; and
(d) include any alternative the IASB should consider, if applicable.

Comments on the IFRS Taxonomy as a whole are also welcome. However, IFRS Taxonomy amendments resulting from such comments may be included in a subsequent update.

Questions for respondents

<table>
<thead>
<tr>
<th>Question 1—Adequate reflection of the disclosure requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the proposed change to the IFRS Taxonomy adequately reflect the amendment to IFRS 17 described in paragraph 1?</td>
</tr>
<tr>
<td>If not, please specify what changes you would suggest and why.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question 2—Appropriate use of the label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the label of the proposed element described in paragraph 4 faithfully represent the meaning of that element?</td>
</tr>
<tr>
<td>If not, please specify what changes you would suggest and why.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question 3—Appropriate use of the documentation label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the documentation label of the proposed element described in paragraph 5 correctly define that element?</td>
</tr>
<tr>
<td>If not, please specify what changes you would suggest and why.</td>
</tr>
</tbody>
</table>
Deadline
The IASB will consider all comments received in writing by 17 January 2022 (30 days).

How to comment
Please submit your comments electronically:

Online            https://www.ifrs.org/projects/open-for-comment/
By email          commentletters@ifrs.org

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at commentletters@ifrs.org before submitting your letter.
New disclosure introduced by the amendment to IFRS 17

*Insurance Contracts*

Paragraph C28E(a) of IFRS 17 *Insurance Contracts*, as added in December 2021, requires an entity that applies the classification overlay, as described in paragraphs C28B–C28D of IFRS 17, to disclose qualitative information that enables users of financial statements to understand:

(i) the extent to which the classification overlay has been applied (for example, whether it has been applied to all financial assets derecognised in the comparative period); and

(ii) whether and to what extent the impairment requirements in Section 5.5 of IFRS 9 have been applied.

Consequently, the IASB proposes to add one text block element to the IFRS Taxonomy in the presentation group [836600] Notes – Insurance Contracts (IFRS 17).

The IASB considered creating two separate text elements for the disclosure requirements in paragraph C28E(a)(i) and C28E(a)(ii) of IFRS 17. The IASB rejected this option because having two elements for the given qualitative disclosure requirement would be unnecessarily detailed. The IASB considered that users of financial information were much more likely to look for and consider the disclosure required by the two subparagraphs as a whole, rather than as discrete items. Therefore, the IASB concluded that introducing two elements would likely cause unnecessary complexity.

**Proposed new element**

The IASB proposes to add the following new element:

<table>
<thead>
<tr>
<th>Element label</th>
<th>ET</th>
<th>ER</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure of qualitative information about application of classification overlay and impairment requirements</td>
<td>TB</td>
<td>D</td>
<td>IFRS 17.C28E(a)</td>
</tr>
</tbody>
</table>

**Proposed documentation label for the new element**

The IFRS Taxonomy includes documentation labels (also called definitions) that clarify the accounting meaning of an element. These labels or definitions help preparers to identify the correct element to use when tagging financial statements; they also help users of financial statements to understand information reported electronically. The table below includes the proposed documentation label for the new element described in paragraph 4.
Disclosure of qualitative information about application of classification overlay and impairment requirements

The disclosure of qualitative information about the extent to which the classification overlay has been applied and whether and to what extent the impairment requirements in Section 5.5 of IFRS 9 Financial Instruments have been applied.

Effective date

The amendment applies when an entity first applies IFRS 17. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. Therefore, early use of the IFRS Taxonomy element is also permitted.
Approval by the IASB of Proposed IFRS Taxonomy Update Initial Application of IFRS 17 and IFRS 9—Comparative Information published in December 2021

Proposed IFRS Taxonomy Update Initial Application of IFRS 17 and IFRS 9—Comparative Information was approved for publication by all 12 members of the International Accounting Standards Board.

Andreas Barckow Chair
Suzanne Lloyd Vice-Chair
Nick Anderson
Tadeu Cendon
Zach Gast
Jianqiao Lu
Bruce Mackenzie
Bertrand Perrin
Thomas Scott
Rika Suzuki
Ann Tarca
Mary Tokar
### Appendix—IFRS® Taxonomy content terminology

This appendix briefly explains the IFRS Taxonomy terms used in this document.

<table>
<thead>
<tr>
<th>Core content—IFRS Taxonomy elements</th>
<th>These IFRS Taxonomy elements have:</th>
</tr>
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<tbody>
<tr>
<td>The IFRS Taxonomy contains elements that represent disclosures in financial statements prepared in accordance with IFRS Standards. These elements are described using:</td>
<td>• <strong>element names and element identifiers</strong>—unique computer tags used to identify and mark up the data.</td>
</tr>
<tr>
<td>• <strong>line items</strong>—which represent the accounting concepts being reported. They can be numerical or narrative, reflecting the figures and narrative reported, for example, ‘Assets’, ‘Property, plant and equipment’ and ‘Description of accounting policy for government grants’.</td>
<td>• <strong>element standard labels</strong>—human-readable names reflecting the accounting meaning of an element. Some elements have additional labels that provide more specific descriptions, for example, to indicate a total (total label) or to distinguish between opening and closing balances (period start and end labels). Such additional labels do not alter the accounting meaning of the element but are used for displaying IFRS Taxonomy presentation relationships.</td>
</tr>
<tr>
<td>• <strong>axes and members</strong>—information categories and components that accounting concepts can be broken down into or reported by, for example, ‘Classes of property, plant and equipment’. All axes in the IFRS Taxonomy have a default member that applies whenever a preparer does not combine a line item with a specific member to tag the value of a disclosure.</td>
<td>• <strong>element types (ET)</strong>—categories of permitted data values, for example, text (T), text block (TB), monetary (M), decimal (DEC), percentage (PER), duration (DUR).</td>
</tr>
<tr>
<td>• <strong>tables</strong>—logical groupings of IFRS Taxonomy axes, members and line items.</td>
<td>• <strong>text element</strong> types are used for narrative disclosures. They are also used when, although IFRS Standards do not specify the details of a disclosure requirement, that disclosure requirement is nonetheless expected to be expressed in free-text format by a preparer.</td>
</tr>
<tr>
<td></td>
<td>• <strong>text block element</strong> types are used for a set of information which may include, for example, numeric disclosures, narrative explanations, tables.</td>
</tr>
</tbody>
</table>

continued...
Core content—IFRS Taxonomy elements

- element properties, such as:
  - the period—which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant); and
  - the balance—which indicates whether the element is generally expected to be reported as a credit or a debit.

Supporting content—documentation and references for IFRS Taxonomy elements

The IFRS Taxonomy provides supporting content explaining the accounting meaning of an element.

This content includes:

- references—which link an element to the authoritative literature, for example, IFRS 15 Revenue from Contracts with Customers.
- element reference types (ER)—which define the source of an element, for example, disclosure (D), example (E) and common practice (CP).
- documentation labels—which provide a textual definition of each element. The sources of these definitions are the IFRS Standards and their accompanying materials, when available.
- guidance labels—which are implementation notes that provide additional help to preparers on the correct use of IFRS Taxonomy elements within an electronic report.
The IFRS Taxonomy calculation linkbase explains how elements may relate mathematically to each other. For example, this content includes:
- summations of elements to a total or subtotal; and
- formulas to indicate that an element is a ratio of other taxonomy elements.

The IFRS Taxonomy uses the presentation linkbase to provide presentation views under which the line items, axes and members (or combinations of elements as tables) have been grouped. This supports human-readable viewing and navigation of the IFRS Taxonomy.

The IFRS Taxonomy has specific presentation elements:
- headings (abstract elements); and
- presentation groups.

These elements are not used when tagging financial statements. These headings and presentation groups also have standard labels.

The IFRS Taxonomy uses the definition linkbase to provide views under which the combined line items, axes and members (tables) have been grouped. This supports computer-readable use of the IFRS Taxonomy.

For example, the content includes:
- a definition for each table; and
- a default member for each axis.