

iXBRL - an electronic tagging system for financial statements

In March 2006 a review was carried out of HMRC's online services. One of the recommendations of the review, which was supported by government, was that HMRC and Companies House should work together to provide a joint filing facility. In support of these recommendations, Companies House has encouraged online filing wherever possible.

Also contained within the review were recommendations that all companies should be required to file their Company Tax Returns online, using Extensible Business Reporting Language (XBRL), and make payments electronically for returns due after 31 March 2011. HMRC has now decided that statutory financial statements and tax computations supporting the entries in the Company Tax Return must be delivered electronically using Inline Extensible Business Reporting Language (iXBRL) format. This requirement will also be applicable to charities, clubs and societies which are required to submit tax returns.

It is mandatory for companies for accounting periods ending after 31 March 2010 which are filing their tax return after 31 March 2011.

iXBRL tagging of UK statutory financial statements is required for tax purposes in 2011. It is mandatory for companies for accounting periods ending after 31 March 2010 which are filing their tax return after 31 March 2011.

Which tags to be used

HMRC has produced taxonomies (dictionaries or reference lists) for UK GAAP and IFRS which set out the available tags to be used in a set of financial statements. If the item specified in the taxonomies is present in a set of financial statements or tax computation the relevant tag must be applied.

To help with the introduction of mandatory on line filing, HMRC has made provision for transitional arrangements which will enable companies to use a Minimum Tagging List (a reduced number of mandatory tags) rather than the Full Taxonomy during the transition period, although companies may adopt full tagging immediately. The Full Taxonomy published for UK GAAP contains 5,292 possible tags while the Minimum Tagging List includes 1,253 tags. Full tagging is expected to be mandatory from April 2013.

How the tags will be applied

The requirement to file a Company Tax Return online with financial statements and computations in iXBRL format does not necessarily mean you need to change your accounting processes. It is only the final figures that need to be tagged. Embedding tags into a set of financial statements can be performed in a variety of ways, e.g. through using an accounts preparation package which has the tagging built in or by using tagging software to apply the tags to financial statements created in a

iXBRL is an electronic tagging system which will enable the financial statements of an organisation to be read electronically. The financial statements will still be in a format which can be read visually. A number of options will be available as to how this requirement can be met.

Word or Excel document. Like all other firms of tax advisers, we are currently considering the options as they become commercially available and during this process we shall consider the cost implications to ourselves and our clients. As it is a new requirement, preparation or review of the tagging does not currently fall within the scope of our work and we shall discuss the possible alternatives to assist you with the tagging of the financial statements.

Contact us

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