James Quigley  
Chairman, Due Process Oversight Committee  
IFRS Foundation  
30 Cannon Street  
London  
United Kingdom  
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3 February 2016  

Dear Mr Quigley  

Invitation to Comment – IFRS Taxonomy™ Due Process  

Deloitte Touche Tohmatsu Limited is pleased to respond to the Due Process Oversight Committee’s (the DPOC’s) Invitation to Comment on the IFRS Taxonomy Due Process.  

We welcome the opportunity to contribute to the development of the process used by the IFRS Foundation to develop updates to the IFRS Taxonomy.  

It is clear that digital reporting is becoming more important to regulators and entities applying IFRS. The information reported in the IASB’s Jurisdictional Filing Profiles confirms that several jurisdictions applying IFRS have electronic filing requirements and others are developing them—we have recently responded to the ESMA consultation on the European Single Electronic Format. It is increasingly important that the IASB develops the skills and processes necessary to discharge its responsibilities in this growing area.  

There is a risk that the design and content of a taxonomy that is intended to be used to capture information in general purpose financial reports will, or be perceived to, influence how those reports are prepared. Filing requirements that used prescribed data structures could undermine principles-based reporting requirements. We understand and share those concerns. However, this is the very reason that the IASB should be involved with the development and maintenance of the IFRS Taxonomy. If the IASB is not, others will develop taxonomies and we are more concerned about the risk that those taxonomies pose to the application of IFRS.  

Purpose of the IFRS Taxonomy  

The IASB has yet to address important issues around the purpose of the taxonomy and the relationship between general purpose financial reports, the reporting process generally and the role of electronic filing specifically. Without such an assessment the due process will lack substance, because it is unclear as to what objectives and goals the due process steps are designed to protect. In the accompanying appendix we describe those matters, using common practice to demonstrate some specific issues.
Proposed taxonomy due process

The development of due process requirements for the IFRS Taxonomy that follow the same principles as those that apply to the development of IFRS is essential to not only protect the integrity and quality of the IFRS Taxonomy, but to protect IFRS.

In general, the proposals are a significant improvement on those in the current XBRL Handbook. However, we think that the nature of the taxonomy justifies the establishment of an IFRS Taxonomy Committee. That committee would operate in a similar way to the IFRS Interpretations Committee and be established through amendments to the Constitution of the IFRS Foundation. The IASB would remain ultimately responsible for the taxonomy, but this committee would provide specialist and practical support to the IASB on taxonomy content. The ITCG would continue to operate as proposed, focusing on taxonomy technology. We think that without such a committee there is a risk that the IASB will not have the expertise or resources to work on what is likely to be the increasingly important translation of IFRS into electronic filing requirements. We have provided a more detailed analysis of our reasons for this recommendation in our responses to Question 1, in Appendix A.

Summary

Although we have fundamental concerns about the lack of a purpose of the IFRS Taxonomy, and consider that the establishment of an IFRS Taxonomy Committee is necessary, we think the IASB and DPOC should proceed with the additions and amendments to the Due Process Handbook—subject to consideration of the matters we raise in our detailed responses to the questions in the invitation to comment that are included in the Appendix to this letter. The IASB’s due process requirements have evolved as financial reporting and the expectations of the broader IFRS community have evolved. We see the current proposals as part of that evolution.

The proposed due process requirements should help people understand the processes that are, or will be, in place to protect the integrity of the IFRS Taxonomy. The addition of a purpose and qualitative characteristics will help the IASB assess what type of information and consultation they need to be able to discharge their responsibilities, but those additions are unlikely to affect those basic processes.

Establishing an IFRS Taxonomy Committee would give the IASB the right focus to develop a purpose and qualitative characteristics. It would be a relatively simple process to add the responsibilities of an IFRS Taxonomy Committee to the due process requirements.

If you have any questions concerning our comments, please contact me in London at +44 (0) 20 7007 0884.

Yours sincerely

Veronica Poole
Global IFRS Leader
Appendix A – Deloitte responses to the Invitation to Comment

Background

In our recent comments on proposals to amend IAS 7 Statement of Cash Flows (the ED in which the IASB trialled the inclusion of the taxonomy update) we said that the development of the standard itself should remain the primary function of an exposure draft. The ease or otherwise of incorporation in the Taxonomy should not be a driver for the determination of whether a particular disclosure would enhance transparency and improve the quality of information provided to users of financial statements. As such, we recommended that if such updates are to be included at all it should be as an appendix to the exposure draft.

We also made the following (summarised) comments:

- Developing the IFRS Taxonomy concurrently with individual new standards or amendments to standards would have advantages compared to the current system of biannual updates in terms of efficiency and clarity in aligning the Taxonomy with developing presentation and disclosure requirements.
- In an environment where the importance of digital reporting is growing, it is appropriate to consider how the requirements of IFRSs translate to clear definitions for digital disclosure and for constituents to be given the opportunity to comment on this in a timely manner.

However:

- The constituency for updates to the Taxonomy is significantly narrower than for IFRS and we cautioned that an absence of comment from constituents that do not use the Taxonomy may not amount to support for the proposed updates.
- For larger, more complex, new standards developing updates to the Taxonomy will be a significant undertaking. We would be concerned by any delays to the standard setting process that might result from this as well as by the possibility that exposure of proposed Taxonomy updates at the exposure draft stage might prove premature as a result of changes made between the exposure draft and final standard stages of a project.

The comments that follow have been informed by our experience with that process.
The purpose of setting out due process requirements

The purpose of the, current, due process handbook is to set out the steps that are considered necessary before any changes can be made to IFRS, to protect its quality and the independence and integrity of the standard-setting process—i.e. the steps the IASB and the IFRS Interpretations Committee must take, and factors they are required to think about, when they develop IFRS.

The IFRS Foundation has clear objectives for general purpose financial reporting, set out in the Constitution and the Conceptual Framework. The Due Process Handbook summaries them in paragraph 1.1:

The foremost objective of the IFRS Foundation is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based on clearly articulated principles. The IFRS Foundation Trustees Strategy Review 2011 makes clear that, in carrying out the IFRS Foundation's mission as its standard-setting body, the International Accounting Standards Board (IASB) should develop financial reporting standards that provide a faithful portrayal of an entity's financial position and performance in its financial statements. Those standards should serve investors and other market participants in making informed resource allocation and other economic decisions. The confidence of all users of financial statements in the transparency and integrity of those statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.

There is no mention of electronic filing (to which the taxonomy relates) in the objectives. There is also no equivalent of the Conceptual Framework that sets out qualitative characteristics for an IFRS Taxonomy. Although the Taxonomy part of the IFRS Foundation website sets out a purpose for electronic reporting, neither the Trustees nor the IASB has formally set out what they see as the purpose or role of the taxonomy.

The purpose could be to facilitate access to information presented or disclosed in a general purpose financial report, such as helping a user use software to identify (or locate) specific information in a report; extract specific data from a report; or extract specific notes or information about a topic from different parts of a report. Or the purpose could be to provide a file with tagged data and attributes that would enable a user to use software to automatically reconstruct the general purpose financial report as it is presented by the entity.

We think it is impossible for the IASB to assess the completeness or adequacy of the Taxonomy if it does not have a clear idea of the purpose and scope of the taxonomy. Although the current consultation is not the place to have that debate, the IASB will need to have that discussion if it is to have an effective role in the development of its taxonomy. It is not clear to us whether the IASB thinks the taxonomy is a standard that must be applied to electronic filings or a tool to facilitate such filings.

It is because of the absence of a purpose for the taxonomy that we do not support the proposed amendment to the Due Process Handbook section on securities and other regulators:

The IASB is responsible for developing global financial reporting standards and an IFRS Taxonomy that are enforceable.
**IFRS Taxonomy due process**

The IASB needs to set out what it is trying to achieve with each step or process. It is not enough, for example, to say that there will be a public consultation. The public consultation needs a purpose, otherwise the IASB cannot be accountable. Are potential respondents being asked to assess the quality of the drafting, consistency of the taxonomy with IFRS, the level of detail (element specificity) or some other characteristics? The comments the IASB received about the taxonomy during its consultation on the amendments to IAS 7 demonstrated that many respondents did not have a clear understanding of what they were being asked to comment on. Some stated that they were not qualified to comment because of the technical nature of XBRL.

In the next sections we discuss common practice elements, because it demonstrates some of the problems created by the lack of clarity of the purpose of the taxonomy.

**Common practice**

Common practice features in the proposed changes to the Due Process Handbook. Unfortunately, the purpose of having common practice elements is not explained in the proposals.

If we were asked to review proposed common practice elements we would not be confident that we would take the same approach as another reviewer, because the purpose of such a review is not clear.

**Defining common practice**

The Taxonomy team has been developing common practice elements for several years. The debates about common practice suffer from the same difficulties we have seen in the debates in the Disclosure Initiative about non-IFRS information, and can be illustrated with reference to the requirements in IAS 16 *Property, Plant and Equipment*. IAS 16 requires an entity to disclose information about each class of property, plant and equipment (PP&E), which is described in the standard as “a grouping of assets of a similar nature and use in an entity’s operations.” IAS 16 provides some examples, but it is also clear that classes are determined by the reporting entity. Therefore, if shipping containers is a material class of PP&E for an entity it is an IFRS requirement to disclose information about that class. Hence, reporting a class called shipping containers would be an IFRS “requirement”. If this is a common class of PP&E the purpose of creating a common practice element seems to be to allow preparers to use the IFRS taxonomy to tag that information rather than creating an entity-specific extension for that purpose. This seems, relatively, uncontroversial.

However, items that are clearly necessary for an entity to be able to comply with the requirements in IFRS are treated as if they are non-IFRS items because they are labelled as “common practice”.

**Illustrative examples**

The IFRS Taxonomy presents as “core” elements all items specified in IFRS (i.e. the standards) as well as those included in illustrative examples, even though these examples are deemed not to be part of IFRS.
During the development of the proposed amendments to IAS 7, the exposure draft included an illustrative example with long-term lease liabilities, but not short-term lease liabilities. The proposed update to the IFRS Taxonomy therefore included an element for those long-term lease liabilities. The final version of the amendments includes an additional illustrative example that includes some additional items. There does not seem to be a rationale for why the particular items were used in the examples. Their purpose is to give a general indication of the type of disclosure the IASB is anticipating and there is a risk that the IFRS Taxonomy is giving more credibility to items specifically referred to in illustrative examples than we suspect was intended by the IASB.

Yet, excluding them from the taxonomy increases the likelihood that entity-specific extensions will be required by preparers. There is an argument that the IASB could use the illustrative examples to anticipate common practice, by using a broader range of disclosure examples. This would be consistent with the goal of having a taxonomy that captures a broader range of disclosures and therefore reduces the need for entity-specific extensions. But it would be less consistent with principles-based IFRS.

**Common practice elements versus labels**

In some cases the common practice elements in the taxonomy capture differences in the labels entities use to describe the same class of, eg, PP&E. For example, *Shipping Containers, Transportation Containers and Containers* might all be used by a transport company to describe the same item. Just as an entity is allowed to use labels such as debtors, accounts receivable and receivables to describe the same item, common elements are not the same as common labels.

Finding differences in terminology (labels) in financial statements does not mean that “concept” being captured is different—there are many different labels used in practice for *cash and cash equivalents*. We are concerned that the common practice discussions in the proposed due process handbook exacerbate this problem.

These points are important because without a purpose of the taxonomy, and a sub-purpose for common-practice elements, it is difficult to assess whether the IASB will have the right due process steps in place to ensure that the development of common practice elements is appropriate.

We might, for example, reject having *Shipping Containers, Transportation Containers and Containers* as three unique elements on the grounds that they are similes. Another reviewer might conclude that they are three common but different names and should therefore be added as unique elements.

Without this clarity it is also difficult to see how the IASB and the assigned IASB members can assess whether a common practice project is justified or whether the proposed elements improve the taxonomy. Again, we have raised these issues not to resolve them as part of the current consultation but to highlight that the absence of clear objectives for the IFRS Taxonomy and its relationship to IFRS make it difficult to assess whether the proposed due process will be effective.
Summary

We think it would be helpful if, assuming that these additions to the Due Process Handbook proceed, that the DPOC acknowledges that the IFRS Foundation needs to establish a clear purpose for the IFRS Taxonomy and qualitative characteristics. Both are prerequisites for the IASB to be able to make decisions about whether changes it is being asked to approve are cost-beneficial improvements to the Taxonomy.

Because the IFRS Foundation has an IFRS Taxonomy the due process is about protecting the integrity of that taxonomy by making sure that the updates are appropriate. That baseline taxonomy was developed outside of the remit of the IASB. We also think that once the purpose and qualitative characteristics have been established that a fundamental review of the IFRS Taxonomy might be necessary.

As we have noted in our covering letter, we still think it is worthwhile proceeding with the suggested changes to the Handbook. In the sections that follow we have provided responses to the questions raised in the Invitation to Comment. We have also provided detailed mark-ups indicating how the matters we raise could be addressed.
Questions in the Invitation to Comment

Question 1 – Roles of the IASB and the Taxonomy Review Panel

The role of the IASB and the IFRS Taxonomy Review Panel within the review and approval of the content of the IFRS Taxonomy is described. Do you agree with the way in which the IASB and the IFRS Taxonomy Review Panel will be engaged and the degree of its involvement? Why or why not? If not, please state the reasons why you do not agree and any alternatives you would like us to consider.

Response

IFRS Taxonomy Review Panel

We think that having IASB members specifically tasked with reviewing changes to the taxonomy, and the taxonomy generally, is appropriate, and necessary. However, the responses to the IAS 7 consultation highlight that many respondents believe that reviewing a taxonomy requires special knowledge well beyond the accounting expertise expected of IASB members. There is a risk that IASB members who share that view will follow the lead of the assigned IASB members rather than making their own independent and informed decisions. Not only would that place too much power with a minority group of IASB members, but it is inconsistent with how the IASB is designed to operate.

Designating this as a special panel seems to give it more authority and could amplify the risk that IASB members who are not part of the panel will pass their responsibility to panel members.

As a general observation, the Due Process Handbook already has a section on the role of board advisers, and the IASB assigns (and publicises on each project page) the members allocated to a specific project. It does not seem necessary to create, yet another, special group within the IASB when it already has structures it can use. The panel does not convey any new rights to its members, because it has no power and does not approve anything. We have suggested changes to the draft due process that discuss the role of assigned IASB members.

IFRS Taxonomy Committee

We think that the nature of the taxonomy justifies the establishment of an IFRS Taxonomy Committee. That committee would operate in a similar way to the IFRS Interpretations Committee and be established through the Constitution of the IFRS Foundation. We think that without such a committee there is a risk that the IASB will not have the expertise or resources to work on what is likely to be the increasingly important translation of IFRS into electronic filing requirements.

The IASB would remain ultimately responsible for the taxonomy, but this committee would provide specialist and practical support to the IASB on taxonomy content. The ITCG would continue to operate as proposed, focusing on taxonomy technology. The IFRS Taxonomy Committee should comprise financial reporting experts who have an awareness of taxonomy technical matters. In contrast, ITCG members would tend to be taxonomy technical experts with an awareness of financial reporting.
The IFRS Taxonomy Committee would be responsible for approving proposed IFRS Taxonomy Updates. The IASB would, on the basis of recommendations from the IFRS Taxonomy Committee, consider and, if it agrees, approve and issue the final update. Assigned IASB members would attend meetings of the IFRS Taxonomy Committee, providing a link to the IASB in much the same way that IASB members who are assigned to the IFRS Interpretations Committee provide that link.

As an interim step we think the IASB should establish a consultative group to provide advice on the purpose and qualitative characteristics of the IFRS Taxonomy. An added advantage is that the staff and IASB could consult with this group on any proposed IFRS Taxonomy Updates pending the establishment of the committee. This step can be taken using the current due process requirements.

Establishing the more formal committee structure will require a change to the Constitution. The interim consultative group could also provide input on the terms of reference for the IFRS Taxonomy Committee, reflecting the purpose and qualitative characteristics of the IFRS Taxonomy. An added advantage is that the consultative group could provide input on planned updates to the IFRS Taxonomy until the IFRS Taxonomy Committee is in place.
Question 2 – Public consultation

The DPOC is proposing to maintain the existing process of public consultation on taxonomy content changes after the release of a final Standard. A Proposed Taxonomy Update will normally be released at the same time (or closely after) a final Standard is published and will normally have a comment period of 60 days. Do you agree with this? Why or why not?

Response

Timing of the consultations on the taxonomy update

We disagree that the IASB should abandon the idea of exposing potential updates to the taxonomy in conjunction with an exposure draft to replace or amend an IFRS.

In our IAS 7 comment letter we said that such a process should not delay or interfere with the development of the IFRS, which is the primary purpose of an exposure draft. We also suggested that it could be in a separate appendix, and that some flexibility was needed around this process.

Our concern, with abandoning the possibility of some early consultation, is that the IAS 7 experience demonstrated that exposing a proposed taxonomy update can highlight problems with the drafting of the Standard.

In that case, the proposed update to the taxonomy would have added elements that quantified the effect of tax on transferring funds within a group. The attributes of that element, i.e. that it is a numerical, monetary item, implied that quantifying the tax effects would be required by the amendments. That was not what the IASB voted on at the time. None of the illustrative examples or explanations highlighted this interpretation. Without the taxonomy examples the problem with the drafting that would not otherwise have been obvious. More fundamentally, the accountants who identified this problem are less likely to be involved in reviewing taxonomy drafts if the comment process is isolated from the development of IFRSs. The proposed taxonomy update can be a powerful tool for the IASB to demonstrate its intentions.

The IASB should have a principle of exposing, or consulting on, the implications for the IFRS Taxonomy at the most effective time in the cycle.

The drafting in the Due Process Handbook should give the IASB more flexibility. The language in paragraph A22, for example, should be adjusted to be less negative. More fundamentally, it seems to prohibit the IASB from deciding to expose the proposed taxonomy update any earlier than at the finalisation stage. The DPOC would have to go through another consultation to let them do so. It would be better to state that the exposure process around the finalisation of the IFRS amendment is the “mandatory” process, but it could be earlier if that was appropriate.

Relatedly, the proposal also seems to dismiss (or not give much credit to) less formal consultation. In contrast the due process around the development of IFRS mentions the importance of discussing proposals with investors during the process, and acknowledges this as information that informs the IASB. This embedding of formal and informal processes is also emphasised in the report of the Effects Analysis Consultative Group. Even though that report focuses on IFRS, the themes are also relevant to taxonomy development.
Urgent matters and a reduced comment period

It is inconsistent with the general principles in the handbook to have the IASB or ITCG decide on a shorter than normal comment period. For matters related to Standards the handbook generally requires that the DPOC be involved in clearing such exceptions.

Although the IFRS Taxonomy does not have the same status as a Standard it nevertheless is exposed for public comment. We think that if a public consultation process has been deemed to be necessary then it should follow the same principles as for other documents unless there are good reasons to do otherwise.

We have therefore suggested that paragraph A33 be amended to give that responsibility to the DPOC.
Question 3 – Publication of the taxonomy files

The DPOC is proposing that the publication of the IFRS Taxonomy Technical Files should be an optional step for proposed content updates. This is a mandatory step under the current process. Publication of the IFRS Taxonomy Technical Files will remain a mandated step for proposed technology updates and for the publication of the final IFRS Taxonomy update. Do you agree with these changes? Why or why not?

Response

Annual IFRS taxonomy update

Paragraph A42 refers to the annual IFRS Taxonomy and says that the IFRS Foundation “shall make (it) available”. This is an example of the drafting being too specific. The “annual taxonomy” is the equivalent of the bound volumes the IASB produces. A difference is that, as we understand the way the versioning of the taxonomy works, the elements (i.e. content) for new Standards and the Standards they are replacing are both available in the taxonomy until the old Standard is redundant. In contrast, the bound volumes are specific extractions (and compilations) of Standards—the Blue Book assumes no early application whereas the Red Book assumes early application in all cases.

Because the IFRS Foundation is publishing the taxonomy files along with each update, we had assumed that these were updates to the IFRS Taxonomy Technical Files, which meant that a compiled taxonomy was, or could be, maintained as updates are issued.

As a principle, the taxonomy files should be updated to reflect IFRS so that any entity applying an IFRS early is able to use the Taxonomy with that version of IFRS. We therefore recommend that the updates be compiled as and when the updates are issued.

If the intention is only to update periodically the amendments should state “at least annually” rather than referring to an “annual” taxonomy.

Drafting

The proposed due process needs to make it clearer that the IFRS Foundation does not need to expose drafts of the taxonomy files (that would demonstrate how the taxonomy would be updated if the proposed taxonomy update goes ahead). It will be mandatory to issue taxonomy files that reflect the finalised update. We have suggested some edits in the due process requirements to reflect this.

Auditability

Users of electronic data created using the IFRS Taxonomy will want some assurance about that data and its relationship to the audited general purpose financial report to which it relates. The electronic filings will therefore need to be auditable, with users having a clear understanding of the nature and extent of the assurance being provided. This is a factor we expect to be considered when the purpose and qualitative characteristics of the IFRS Taxonomy are established.
Question 4 – other matters

Are there any other matters relating to our proposals for the IFRS Taxonomy due process that you wish to comment on, including matters that are not covered but that you think should be?

Response

Consequential amendments

The proposal is to insert words to paragraph 3.54 of the Due Process Handbook to state that the IASB is responsible for developing “an IFRS Taxonomy that (is) enforceable.”

We think this goes too far, for the reasons set out in our introductory comments.

Electronic filing requirements that use the taxonomy might be enforceable, but those filing requirements vary globally and there is no “electronic” equivalent of a general purpose financial report that is the culmination of applying the taxonomy (in the way that a general purpose financial report comes from applying IFRS). In the U.S. the SEC has a set of requirements for how the US GAAP Taxonomy must be used by entities. The SEC specifies the level of tagging and when entity-specific extensions should be used to tag data. Other jurisdictions have different filing rules, which means that these specially coded electronic filings (“instance documents”) prepared for identical general purpose financial reports could differ between jurisdictions. In contrast, one of the purposes of IFRS is to ensure that similar transactions and circumstances are treated similarly, notwithstanding the jurisdiction in which the entity is reporting.

The term “considered”

The proposed amendments use the term “considered” when the (proposed) Due Process Handbook states that the “IFRS Taxonomy is considered during the development and drafting of new and amended standards.” This sentence is innocuous to some but a red flag to others. Some read this to mean that the taxonomy influences IFRS, even to the extent that a Standard might be compromised to meet a taxonomy need. We do not think this is the intention of the wording. We think it is better to say that the implications of a new Standard on the IFRS Taxonomy are considered during the development and drafting of new and amended standards, to emphasise the direction of influence.

Drafting consistency

The appendix refers to “fatal flaw reviews”, which is not the term used in the body of the Due Process Handbook. Instead the Due Process Handbook defines, and refers to a draft for editorial review:

Draft for editorial review: a draft of a due-process document that the IASB and its staff use to gather drafting feedback. A draft for editorial review might be distributed to selected groups or be made available more generally on the IFRS Foundation website, or both. Reviewers are asked whether the draft document is clear and reflects the technical decisions made by the IASB. A draft for editorial review does not include an invitation to comment because the purpose of such a review is not to question the technical decisions. A draft for editorial review is not a mandatory step.

Any proposed changes to the Due Process Handbook should be internally consistent.
**XBRL**

The proposed amendments to the Due Process Handbook will remove most references to XBRL. We support that step. IASB members are not expected to be experts in XBRL.

We are aware that some people are concerned that removing references to XBRL means that the IFRS Foundation is abandoning XBRL. However, we see this as acknowledging that emphasising that the IASB is being asked only to oversee matters related to the taxonomy (the ontological matters) and not the technology that manages the taxonomy or its application.

We have suggested that the wording be amended to be more generic as to the technology and syntax used for the Taxonomy.

**IFRS Taxonomy and the relevant documents and files**

We think it would be helpful to differentiate between the IFRS Taxonomy, and the documents and files. As it stands, the due process description discusses the IFRS Taxonomy and Update documents. One of the critical documents produced by the IASB will be a human-readable description or specification of the elements that form the taxonomy, their properties and their relationships. We have used the term “Release” in our suggested changes to the due process amendments. However, the terms “Specification” or “Requirements” are acceptable alternatives. We would not use the term “Standard” because of potential confusion with IFRS. Additionally, we presume that the IFRS Taxonomy Technical Files could include human-readable documentation that describes the syntax and semantics used to construct the, for example, XBRL files that render the IFRS Taxonomy in machine-readable form.

**ITCG**

We think that the terms of reference for the ITCG need to be clearer, given the unusual nature of the group and its role in providing advice on technology. Those terms do not need to be embedded within the Due Process Handbook, but would be in the terms of reference referred to in paragraph 3.60. We have suggested making stronger links to the general consultative group paragraphs in the Handbook.

**Sundry**

A3(a), we have suggested that this be split to avoid implying that common practice elements are “content not directly reflecting IFRSs”.

A3(b), terms such as “namespace” should be avoided.

A14, we have suggested deleting the words that state that any member of the review panel can raise issues at a public meeting. This is redundant because it is a fundamental right of an IASB member to speak at a public meeting of the Board.

We have suggested using the term *draft* IFRS Taxonomy Update be used rather than *proposed* IFRS Taxonomy Update to be more consistent with the terminology used in the development of Standards and Interpretations.

The definition of *IFRS Taxonomy Technical Files* is confusing because it is not clear what a file would look like for an update. Is it a full schema that has the update incorporated into the full
taxonomy or is it a file that is, in effect, a subset that relates only to the update? We suspect it is
the latter, because the due process describes the production of an annual compilation. That
being the case, we suggest that this be made clear and that when discussing updates that you call
it a Proposed IFRS Taxonomy File Update.

Placement of the Taxonomy Due Process
We think that having the Due Process steps that are related to the IFRS Taxonomy in an appendix
rather than in the body of the Handbook is appropriate. This ensures that it is complementary
to the requirements for IFRS. It also allows the DPOC to use appendices for what are, effectively,
applications of the general principles in the main body of the document.

Compiled drafting suggestions
In the appendices that follow we have provided a full mark-up version (Appendix B) and a clean
version (Appendix C) of our suggestions. They include many that we have not mentioned in the
preceding analysis, because we think that no explanation is necessary.

We have also suggested some changes to the order of the paragraphs. We found it difficult to
easily identify which documents were required for each step.
Appendix B – Drafting suggestions

In all cases the strike through and underlining indicates our drafting suggestions.

The IFRS Taxonomy due process

The IFRS Taxonomy and its objectives

A1 The IFRS Taxonomy is a structured classification system that expresses information presented and disclosed in general purpose financial reports prepared in accordance with IFRS as elements, including their properties and how they relate to one another (the data model) disclosures.

A2 The main purpose of the IFRS Taxonomy is to support entities in producing a machine-readable electronic version of their IFRS financial statements. Development and The publication of the IFRS Taxonomy by assists the IASB and the IFRS Foundation helps ensure that the taxonomy is consistent with, and does not detract from, the requirements in IFRS, in achieving its objectives as it supports the consistent application and implementation of the Standards and electronic regulatory filings requirements.

The components of the IFRS Taxonomy

A3 The IFRS Taxonomy has two components:

(a) The IFRS Taxonomy content: this is the set of elements, including their properties and the data model that is used to reflect:

(i) the IFRSs—these relate to IFRS disclosures that are explicitly referred to in the Standards and Interpretations (IFRS disclosure requirements), the accompanying materials to the Standards and (IFRS Implementation Guidance, IFRS Illustrative Examples) as well as in the Interpretations; and

(ii) ‘IFRS common practice’; and

(iii) and any other content not directly reflecting IFRSs, —common practice relate to IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs, even though they are not referred to explicitly in the Standards, Interpretations or the accompanying materials to the Standards.

(b) The IFRS Taxonomy technology: this refers to taxonomy technical features including, but not limited to, the syntax employed to publish and express the content of the IFRS Taxonomy and the taxonomy architecture used. The architecture relates to taxonomy characteristics such as, for instance, how the files are organised and naming protocols, of files and the namespaces used.

The IFRS Taxonomy technology does not include the internal systems used by the IFRS Foundation to manage and generate the IFRS Taxonomy Technical Files and documents.

A4 The content and technology are both components are important features of a high quality taxonomy, and are interrelated. The IFRS Taxonomy due process is designed to protect the integrity of both its content and technology.

A5 The IFRS Taxonomy is not part of, nor integral to, IFRS. It should be clear to a user of the IFRS Taxonomy that the taxonomy is not intended to set out acceptable or unacceptable application of IFRS Standards.
**IFRS Taxonomy publications**

Note: This is a suggested new section that is based on the proposed paragraphs A5 to A8. The original paragraphs A5 to A8 have been moved to follow the proposed A32, and revised.

Ax The two main sets of publications used to document and communicate the IFRS Taxonomy are the **IFRS Taxonomy Release** and the **IFRS Taxonomy Technical Files**.

**IFRS Taxonomy Release**

Ax The **IFRS Taxonomy Release** is the primary document used to document and describe the content or technology of the IFRS Taxonomy. It is a human-readable document, or set of documents.

**IFRS Taxonomy Technical Files**

Ax **IFRS Taxonomy Technical Files** are the electronic files that use or document the syntax appropriate to the computer languages, and any related standards, supported for this purpose by the IFRS Foundation. Some of the files will be coded for consumption by a computer, to process the taxonomy and to render its content using software applications.

Ax The technical files can include human-readable documentation similar to specification and help manuals.

**The role of the IASB**

A10 The technical programme of the IASB incorporates IFRS Taxonomy activities. Members of the IASB approve IFRS Taxonomy content to reflect new or amended IFRSs. The IASB is responsible for approving updates to the IFRS Taxonomy.

Ax The Chair of the IASB shall assign, at least three, IASB members A designated group (the IFRS Taxonomy Review Panel) exists to provide advice to the IASB and its staff on oversight over IFRS Taxonomy content. To provide continuity, those IASB members are assigned for a period of time rather than for a specific project. related matters not reflecting new or amended IFRSs. The IFRS Taxonomy Review Panel consists of at least three, but not more than five, members of the IASB.

**The IFRS Taxonomy Consultative Group (ITCG)**

A11 The IASB has established a consultative group for its taxonomy related activities, called the IFRS Taxonomy Consultative Group (‘the ITCG’). The ITCG operates under the principles set out in paragraphs 3.58 to 3.63. The objectives of the ITCG are:

(a) to review the IFRS Taxonomy to ensure that it meets expected market standards and best practice from both a data content and technical perspective;

(b) to provide technical advice and implementation guidance to the IASB on strategic matters relating to the IFRS Taxonomy; and

(c) to provide guidance to the IASB on matters relating to financial reporting ontology.

A12 The staff consults the ITCG during the development of IFRS Taxonomy changes. Meetings of the ITCG are normally held in public. Papers that are discussed by the ITCG are normally publicly available. Members of the public may attend meetings to observe. Meetings are recorded and where possible, broadcast live. Recordings of the meetings are publicly available on the IFRS Foundation website. The ITCG is expected to be in place as long as the IASB is involved with the IFRS Taxonomy.
Development of a Proposed IFRS Taxonomy Update

A20 Updates may relate to a change to the content or technology of the IFRS Taxonomy. In some circumstances, an update may affect both the content and the technology of the IFRS Taxonomy. The IFRS Taxonomy due process that is applied then combines the process followed for the content and the technology, respectively, of the IFRS Taxonomy.

Review and approval of the IFRS Taxonomy

A5 The two main publications used to solicit views from interested parties on proposed changes to the IFRS Taxonomy due process publications are the Proposed IFRS Taxonomy Update documents and the Proposed IFRS Taxonomy File Updates.

The IFRS Taxonomy Updates documents

A6 A Proposed Draft IFRS Taxonomy Update document is the primary document used to consult on proposed updates to the content or technology of the IFRS Taxonomy. An IFRS Taxonomy Update document is published for the final changes to the IFRS Taxonomy.

A7 A Proposed Draft IFRS Taxonomy Update document describes in a human-readable form the:
(a) the questions on which feedback is sought (this applies only to a Proposed IFRS Taxonomy Update document);
(b) the proposed (or final) amendments being made; for example, the elements being added or removed from the IFRS Taxonomy; and
(c) the reasons behind for proposing these changes and, where alternative options exist, the reasoning as to why a specific option is preferred; and

A8 An IFRS Taxonomy Update document documents how the IASB will update the IFRS Taxonomy as a consequence of actual or anticipated changes to IFRS; to add or remove common practice or other content; to reflect changes in technology; or to make structural or other improvements. Or to: elements, the addition of, or the the elements, their attributes … for content changes that reflect new or amended IFRSs; has the same status as accompanying material to the Standard. It illustrates how the IFRS disclosure and presentation requirements are modelled within the taxonomy to support structured tagging within an electronic report. In addition it emphasises the presentation and disclosure requirements and it also aids the understanding of those requirements. Although it is accompanying material, the IFRS Taxonomy Update document is published as a separate document, to minimise any risk of it being considered an integral part of the Standard.

Ax The preparation of, and public consultation on, a proposed IFRS Taxonomy Update is required for all planned changes to the IFRS Taxonomy.

The IFRS Taxonomy Technical File Updates

A9 The term Proposed IFRS Taxonomy Technical File Updates refers to the proposed (or final) taxonomy are the drafts of the technical files that the IFRS Foundation would expect to release in conjunction with the related Taxonomy Update if the update was finalised.
A Proposed IFRS Taxonomy Technical File Update must be prepared and exposed for public consultation for changes to the technology or structure of the IFRS Taxonomy.

No public consultation on the IFRS Taxonomy Technical Files is required for content updates. For content changes resulting from amended and new IFRSs and the addition of common practice or other elements because the updated files are merely capturing the proposed content changes set out in the Proposed Draft IFRS Taxonomy Update. For this reason the publication of Proposed draft IFRS Taxonomy Technical Files that reflect proposed content updates is an optional step and no public consultation on those files, if they are prepared, is required.

Initiating a proposal to change the IFRS Taxonomy

Content changes reflecting new or amended IFRSs

The objective is to ensure that the IFRS Taxonomy is maintained and updated to reflect changes to IFRS requirements in a timely manner. Accordingly, the IFRS Taxonomy is updated when the taxonomy will no longer reflect IFRS as a consequence of planned or issued amendments to IFRS.

The implications for the IFRS Taxonomy are considered during the development and drafting of new and amended standards. The IFRS Taxonomy is considered during the development of new or amended IFRSs. The staff prepare papers for the IASB to consider at a public meeting. These papers may incorporate IFRS Taxonomy content-related matters if review or approval by the IASB on a specific topic is required.

The IFRS Foundation may also make available, on its website, IFRS Taxonomy materials depicting the presentation and disclosure requirements of an Exposure Draft or, where relevant, a Draft Interpretation. These materials do not constitute a Proposed IFRS Taxonomy Update document and therefore do not need to be approved by the IASB. Their aim is to facilitate the understanding of the proposed presentation and disclosure requirements. A Proposed IFRS Taxonomy Update document is developed for final changes to IFRSs only.

The IASB approval of the Proposed Draft IFRS Taxonomy Update should be issued as soon as it is practical to do so. This could be at the same time as the Exposure Draft or Draft Interpretation is issued, using the draft proposals. If the finalised changes are used to develop the Draft IFRS Taxonomy Update it should be issued when balloting of the new IFRS requirements has been completed and normally takes place concurrently with the approval of the ballot of the final Standard or Interpretation. The IASB may decide that the approval of the Proposed IFRS Taxonomy Update document should take place at a later time if:

(a) its concurrent publication with the Standard risks delaying the publication of the Standard or Interpretation; or

(b) the proposed amendments to the IFRS Taxonomy are sufficiently narrow in scope and consequently can be combined with future proposed amendments into one Proposed IFRS Taxonomy Update document.
Preparation of the Proposed IFRS Taxonomy File Update that reflects content amendments for new or amended IFRSs is optional.

The staff normally deliver a draft outline of the Proposed IFRS Taxonomy Update document and, if they have been prepared, the Proposed IFRS Taxonomy File Update, for review by members of the ITCG. Members of the ITCG are asked to review whether the proposed changes to the content of the IFRS Taxonomy reflect the amendments to IFRSs accurately and in the most appropriate way.

New common practice and other content changes not reflecting new or amended IFRSs

Common practice relate to IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs, even though they are not referred to explicitly in the Standards, Interpretations or the accompanying materials to the Standards.

A proposal to start a project to add common practice or other elements should be made on the basis of the The staff and IFRS Taxonomy Review Panel consider adding topics to the IFRS Taxonomy work plan and base their judgements primarily on the needs of the users of the IFRS Taxonomy. For example: a new common practice project may arise from the post-implementation review of an IFRS or feedback from regulators and other users of the IFRS Taxonomy.

The process followed to update the taxonomy for common practice or other elements depends on the type and the purpose of the content update. For example, for a common practice project, the staff may perform an empirical analysis of IFRS financial statements and may set specific benchmark criteria to identify and select proposed new taxonomy elements. The IFRS Foundation makes publicly available materials that document the specific development process being followed.

Review of the proposed content amendments by the assigned IASB members would normally be undertaken before the IFRS Taxonomy Review Panel is a required step. Provided the IFRS Taxonomy Review Panel has not highlighted any issues that require further investigation, the staff proceed with the drafting of the Proposed IFRS Taxonomy Update document.

Preparation of the Proposed IFRS Taxonomy Technical Files is optional for updated related to common practice elements.

Technology and structural changes

IFRS Taxonomy technology changes may affect the way in which the IFRS Taxonomy has been implemented by its users. Because this impact could be significant, when technology changes are planned or occur, the staff assess whether develop the changes to the IFRS Taxonomy are necessary. That in consultation should be broad and would normally include with the ITCG while also conducting targeted outreach, particularly with regulators and

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1 This only relates to the work plan for IFRS Taxonomy content not reflecting new or amended IFRSs. The work plan for IFRS Taxonomy content reflecting new or amended IFRSs is determined by the IASB standard-setting work plan.
software vendors. When the changes are expected to be substantial or multiple alternative options exist, it may be appropriate the staff may also decide to issue a Request for Information before formalising the proposal—proposed to change the taxonomy. Structural changes could include separating the taxonomy into modules and adding or removing element attributes.

A31 For technology and structural changes a Proposed Draft IFRS Taxonomy Update document describing the technology changes and must be prepared. The Proposed IFRS Taxonomy Technical File Updates must also be prepared and exposed for public comment.

A32 The staff must provide the ITCG with a draft outline of the Proposed IFRS Taxonomy Update document, a draft of the Proposed IFRS Taxonomy Technical Files and, where published, any draft of the Request for Information is provided to the ITCG for its review prior to publication and consultation.

Reviews and approval processes

IASB

A13 Approval of the Proposed or final IFRS Taxonomy Update document and the (final) IFRS Taxonomy Update documents for IFRS Taxonomy content reflecting new or amended IFRSs requires the support of a super-majority of the IASB, by means of a ballot.

A14 Changes to IFRS Taxonomy common practice and any other content that does not directly reflect new or amended IFRSs are normally reviewed by assigned IASB members before they are discussed in a public IASB meeting, are subject to review—but not approval—by the IFRS Taxonomy Review Panel. Any member of the IFRS Taxonomy Review Panel may decide to raise an issue for general discussion and review at a public meeting of the IASB.

A15 Assigned IASB members also advise on The IFRS Taxonomy Review Panel also reviews staff proposals for the initiation of a new IFRS Taxonomy common practice project or any other project that affects the content of the IFRS Taxonomy but that does not directly result from new or amended IFRSs. This includes any content amendments that have been triggered as a result of a change to the technology of the IFRS Taxonomy.

A16 The IASB or the IFRS Taxonomy Review Panel does not approve or review the [Proposed] IFRS Taxonomy Technical File Updates.

ITCG

A17 The IASB does not approve the [Proposed] IFRS Taxonomy file. The ITCG reviews of the [Proposed] IFRS Taxonomy Technical File Updates help to ensure the technical integrity of the IFRS Taxonomy. The ITCG is also involved in the reviews of the [Proposed] IFRS Taxonomy Update documents and may also be asked to review IFRS Taxonomy educational and supporting materials.

A18 For new or amended IFRSs, the ITCG review period is normally aligned with the period the draft for editorial review the related Standard or Interpretation, is in circulation, fatal flaw review period of the drafting of the final Standard or Interpretation. For other reviews, and in cases in which no editorial fatal review of the final Standard or Interpretation takes place, the ITCG is normally given has a 14 days (calendar) period in which to conduct its a reviews. If the matter is considered narrow in scope and/ or urgent, such as dealing with a fault in the files or to implement a change to an IFRS that was issued by the IASB using an expedited due process in accordance with paragraph 6.7 or 6.8, the staff may reduce the ITCG review period may be reduced, but not to less than 7 calendar days.
Because reviewers convey their personal views, rather than those of their organisations, their comments are not made public, unless specifically agreed with the ITCG member providing the comment. The staff normally summarise the ITCG comments received at a public meeting of the ITCG.

**Publication and Consultation**

Proposed IFRS Taxonomy Update documents and, when required to be prepared, Proposed draft IFRS Taxonomy Technical File Updates are the subject of public consultation. The comment period will normally be at least 60 days. If the matter is narrow in scope and/or urgent, the IASB staff can consider a comment period of no less than 30 days after obtaining approval from the Due Process Oversight Committee IASB (content changes reflecting new or amended IFRSs) or after consulting the IFRS Taxonomy Review Panel (other content changes) or the ITCG (technology changes).

In the case of a taxonomy update reflecting new or amended IFRSs, the Proposed Draft IFRS Taxonomy Update documents are released at the same time, or closely after, the final Standard is published, but with the exceptions referred to in paragraph A23.

The publication of Proposed draft IFRS Taxonomy Technical Files that reflect proposed content updates is an optional step. No public consultation on the IFRS Taxonomy Technical Files is required for content updates, because the updated files are merely capturing the proposed content changes set out in the Proposed Draft IFRS Taxonomy Update.

The IASB and its staff should supplement the public consultation with targeted consultation and field testing to gain assurance that the proposed changes will improve the IFRS Taxonomy. Information gathered by such means forms part of the information used by the IASB to support its decisions in relation to the IFRS Taxonomy.

**Finalising Updates to the IFRS Taxonomy**

**Consideration of comments received and consultations**

All public comment letters received in relation to a public consultation on the Proposed draft IFRS Taxonomy Update documents and, where published, the Proposed IFRS Taxonomy Technical Files are posted on the IFRS Foundation website. The staff analyse the comments received and evaluate whether to recommend changes should be made to the original proposals and whether any revised proposals should be re-exposed.

The staff shall discuss the comments received and the changes to the original proposals, including any proposal to re-expose, with the:

(a) the IASB at a public meeting (for new or amended IFRSs);

(b) the assigned IASB members IFRS Taxonomy Review Panel, with a public summary of these discussions being prepared by the staff where relevant (for common practice and other content that does not reflect new or amended IFRSs); and

(c) the ITCG at a public meeting (for changes to the technology of the IFRS Taxonomy), with a public summary of these discussions being prepared by staff where relevant.

The DPOC must be informed about the due process steps that have been undertaken prior to the finalisation of substantive changes to the IFRS Taxonomy technology and content.
Drafting, review and publication

A39 After comments have been considered and discussed, the staff proceed with the drafting, IASB approval (for content amendments reflecting new or amended IFRSs) and the publication of the IFRS Taxonomy Update document.

A40 The creation and publication of the IFRS Taxonomy File Update is a mandatory step for final updates to both the content and the technology of the IFRS Taxonomy.

A41 A review by the ITCG of the IFRS Taxonomy File Updates and the IFRS Taxonomy Update document is optional. When assessing whether such a review would be useful, the staff consider the substance of any changes made to the final IFRS Taxonomy as a result of comments received during public consultation.

IFRS Taxonomy releases, compilations, translations and editorial corrections

A42 The IFRS Foundation shall make available the annual IFRS Taxonomy. This is a release of a compiled IFRS Taxonomy release using content and technology that has previously been subjected to full due process. Consequently, no public consultation is required prior to the release of a compiled the annual IFRS Taxonomy. or any other An updated IFRS Taxonomy Release compilations should be made available at least annually.

A43 Translations of the IFRS Taxonomy content are initiated in response to requests from jurisdictions that have adopted, or are developing an interest in, the IFRS Taxonomy. The same procedures followed for translations of IFRSs apply to translations of the IFRS Taxonomy.

A44 The staff may make editorial corrections to the IFRS Taxonomy after publication, to remedy any errors that have been made. Editorial corrections do not alter the intended accounting meaning of IFRS Taxonomy elements or change the technology of the IFRS Taxonomy. For example, editorial corrections may fix specific XBRL attributes such as debit or credit or element label spelling errors. The staff may also make maintenance-type changes to the IFRS Taxonomy, such as, for example, an update to the effective and expiry dates of the IFRS Taxonomy elements to reflect the passage of time. Editorial corrections and maintenance-type amendments are considered post-publication procedures, and do not require approval by the IASB need to be approved, reviewed or exposed for public consultation.
Consequential amendments

IFRS Taxonomy (XBRL)

6.51 The implications for the IFRS Taxonomy are considered during the development and drafting of new and amended standards. The publication of the Proposed IFRS Taxonomy Update document normally happens at the same time as, or closely after, the final Standard or amendment to a Standard is published.

Taxonomy terms

IFRS Taxonomy: a structured classification system that expresses information presented and disclosed in general purpose financial reports prepared in accordance with IFRS as elements, including their properties and how they relate to one another (the data model). The main purpose of the IFRS Taxonomy is to support entities in producing a tagged electronic version of their IFRS financial statements. The IFRS Taxonomy is a human-readable document.

IFRS Taxonomy Release: a document that describes in human-readable form the IFRS Taxonomy.

IFRS Taxonomy common practice content: these are IFRS Taxonomy elements including their properties and data model to reflect IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs even if they are not referred to explicitly in the Standards or the accompanying materials to the Standards. Normally, common practice elements of the IFRS Taxonomy are specific examples of general reporting categories required by an IFRS. For example, the IFRS Taxonomy has common practice elements for some specific types of revenue, expenses and classes of property, plant and equipment. Preparers are required by IFRS to report material classes of these more general items in financial statements.

IFRS Taxonomy Update document: a document that describes in human-readable form the amendments that are being made to the IFRS Taxonomy, why these changes are made and, where alternative options exist, the reasoning as to why a particular option is preferred. A Proposed Draft IFRS Taxonomy Update document is the basis for exposing the proposed changes to the technology or content of the IFRS Taxonomy for public comment.

IFRS Taxonomy Technical Files: these are the technical files expressed using a syntax appropriate to the computer languages, and any related standard, supported for this purpose by the IFRS Foundation, such as the eXtensible Business Reporting Language (XBRL) standard or any other taxonomy delivery mechanism or syntax that the IFRS Foundation considers appropriate.

Proposed IFRS Taxonomy File Update expose the changes for public comment.
Appendix C – clean version of suggested due process amendments

The IFRS Taxonomy due process

The IFRS Taxonomy and its objectives

A1 The IFRS Taxonomy is a structured classification system that expresses information presented and disclosed in general purpose financial reports prepared in accordance with IFRS as elements, including their properties and how they relate to one another (the data model).

A2 The main purpose of the IFRS Taxonomy is to support the tagging of information in a general purpose report so that the information is capable of being machine-readable. Development and publication of the IFRS Taxonomy by the IASB and the IFRS Foundation helps ensure that the taxonomy is consistent with, and does not detract from, the requirements in IFRS.

The components of the IFRS Taxonomy

A3 The IFRS Taxonomy has two components:

(a) The IFRS Taxonomy content: is the set of elements, including their properties and the data model that is used to reflect:

(i) the IFRSs—these relate to IFRS disclosures that are explicitly referred to in the Standards and Interpretations (IFRS disclosure requirements), the accompanying materials to the Standards and (IFRS Implementation Guidance, IFRS Illustrative Examples); and

(ii) ‘IFRS common practice’; and

(iii) any content not directly reflecting IFRSs.

(b) The IFRS Taxonomy technology refers to taxonomy technical features including, but not limited to, the syntax employed to publish and express the content of the IFRS Taxonomy and the taxonomy architecture used. The architecture relates to taxonomy characteristics such as, for instance, how the files are organised and naming protocols. The IFRS Taxonomy technology does not include the internal systems used by the IFRS Foundation to manage and generate the IFRS Taxonomy Technical Files and documents.

A4 The content and technology are both important features of a high quality taxonomy.

A5 The IFRS Taxonomy is not part of, nor integral to, IFRS. It should be clear to a user of the IFRS Taxonomy that the taxonomy is not intended to set out acceptable or unacceptable application of IFRS Standards.

IFRS Taxonomy publications

A6 The two main sets of publications used to document and communicate the IFRS Taxonomy are the IFRS Taxonomy Release and the IFRS Taxonomy Technical Files.
IFRS Taxonomy Release

A7 The IFRS Taxonomy Release is the primary document used to document and describe the content or technology of the IFRS Taxonomy. It is a human-readable document, or set of documents.

IFRS Taxonomy Technical Files

A8 IFRS Taxonomy Technical Files are the electronic files that use or document the syntax appropriate to the computer languages, and any related standards, supported for this purpose by the IFRS Foundation. Some of the files will be coded for consumption by a computer, to process the taxonomy and to render its content using software applications.

A9 The technical files can include human-readable documentation similar to specification and help manuals.

The role of the IASB

A10 The technical programme of the IASB incorporates IFRS Taxonomy activities. The IASB approves IFRS Taxonomy content to reflect new or amended IFRSs. The IASB is responsible for approving updates to the IFRS Taxonomy.

A11 The Chair of the IASB shall assign, at least three, IASB members to provide advice to the staff and the IASB on IFRS Taxonomy content. To provide continuity, those IASB members are assigned for a period of time rather than for a specific project.

The IFRS Taxonomy Consultative Group (ITCG)

A12 The IASB has a consultative group for its taxonomy related activities, called the IFRS Taxonomy Consultative Group (‘the ITCG’). The ITCG operates under the principles set out in paragraphs 3.58 to 3.63. The objectives of the ITCG are:

(a) to review the IFRS Taxonomy to ensure that its meets expected market standards from both a data content and technical perspective;

(b) to provide technical advice and implementation guidance to the IASB on strategic matters relating to the IFRS Taxonomy; and

(c) to provide guidance to the IASB on matters relating to financial reporting ontology.

A13 The staff consults the ITCG during the development of IFRS Taxonomy changes. The ITCG is expected to be in place as long as the IASB is involved with the IFRS Taxonomy.

Development of a Proposed IFRS Taxonomy Update

A14 Updates may relate to a change to the content or technology of the IFRS Taxonomy. In some circumstances, an update may affect both the content and the technology of the IFRS Taxonomy. The IFRS Taxonomy due process that is applied then combines the process followed for the content and the technology, respectively, of the IFRS Taxonomy.

A15 The two main publications used to solicit views from interested parties on proposed changes to the IFRS Taxonomy are a draft IFRS Taxonomy Update and Proposed IFRS Taxonomy Technical File Updates.

IFRS Taxonomy Updates

A16 A Draft IFRS Taxonomy Update is the primary document used to consult on proposed updates to the content or technology of the IFRS Taxonomy. An IFRS Taxonomy Update is published for the final changes to the IFRS Taxonomy.
A17 A Draft IFRS Taxonomy Update document describes in a human-readable form the:

(a) proposed (or final) amendments being made; for example, the elements being added or removed from the IFRS Taxonomy; and

(b) reasons for proposing these changes and, where alternative options exist, the reasons why a specific option is preferred; and

(c) questions on which feedback is sought (this applies only to a Proposed IFRS Taxonomy Update document);

A18 An IFRS Taxonomy Update documents how the IASB will update the IFRS Taxonomy as a consequence of actual or anticipated changes to IFRS; to add or remove common practice or other content; to reflect changes in technology; or to make structural or other improvements.

A19 The preparation of, and public consultation on, a proposed IFRS Taxonomy Update is required for all planned changes to the IFRS Taxonomy.

IFRS Taxonomy Technical File Updates

A20 The Proposed IFRS Taxonomy Technical File Updates are the drafts of the technical files that the IFRS Foundation would expect to release in conjunction with the related Taxonomy Update if the update was finalised as proposed.

A21 A Proposed IFRS Taxonomy Technical File Updates must be prepared and exposed for public consultation for changes to the technology or structure of the IFRS Taxonomy.

A22 For content changes resulting from amended and new IFRSs and the addition of common practice or other elements the updated files are merely capturing the proposed content changes set out in the Draft IFRS Taxonomy Update. For this reason the publication of drafts of the IFRS Taxonomy Technical Files that reflect proposed content updates is optional and no public consultation on those files, if they are prepared, is required.

Initiating a proposal to change the IFRS Taxonomy

Content changes reflecting new or amended IFRSs

A23 The objective is to ensure that the IFRS Taxonomy is maintained and updated to reflect changes to IFRS requirements in a timely manner. Accordingly, the IFRS Taxonomy is updated when the taxonomy will no longer reflect IFRS as a consequence of planned or issued amendments to IFRS.

A24 The implications for the IFRS Taxonomy are considered during the development and drafting of new and amended standards. The staff prepare papers for the IASB to consider at a public meetings. These papers may incorporate IFRS Taxonomy content-related matters if review or approval by the IASB on a specific topic is required.

A25 The IFRS Foundation may also make available, on its website, IFRS Taxonomy materials depicting the presentation and disclosure requirements of an Exposure Draft or, where relevant, a Draft Interpretation. These materials do not constitute a Proposed IFRS Taxonomy Update document and therefore do not need to be approved by the IASB. Their aim is to facilitate the understanding of the proposed presentation and disclosure requirements.

A26 The Draft IFRS Taxonomy Update should be issued as soon as it is practical to do so. This could be at the same time as the Exposure Draft or Draft Interpretation is issued, using the draft proposals. If the finalised changes are used to develop the Draft IFRS Taxonomy Update it should be issued when balloting of the new IFRS requirements has been
completed. The IASB may decide that the approval of the *Proposed IFRS Taxonomy Update* document should take place at a later time if:

(a) its concurrent publication with the Standard risks delaying the publication of the Standard or Interpretation; or

(b) the proposed amendments to the IFRS Taxonomy are sufficiently narrow in scope and consequently can be combined with future proposed amendments into one *Proposed IFRS Taxonomy Update* document.

A27 Preparation of a *Proposed IFRS Taxonomy File Update* that reflects content amendments for new or amended IFRSs is optional.

A28 The staff normally provide a draft outline of the *Proposed IFRS Taxonomy Update* document and, if they have been prepared, the *Proposed IFRS Taxonomy File Updates*, for review by members of the ITCG. Members of the ITCG are asked to review whether the proposed changes to the content of the IFRS Taxonomy reflect the amendments to IFRSs accurately and in the most appropriate way.

**New common practice and other content changes not reflecting new or amended IFRSs**

A29 Common practice relates to IFRS disclosures that are commonly provided in practice by entities when applying IFRSs, even though they are not referred to explicitly in the Standards, Interpretations or the accompanying materials to the Standards.

A30 A proposal to start a project to add common practice or other elements should be made on the basis of the needs of the users of the IFRS Taxonomy. For example: a new common practice project may arise from the post-implementation review of an IFRS or feedback from regulators and other users of the IFRS Taxonomy.

A31 The process followed to update the taxonomy for common practice or other elements depends on the type and the purpose of the content update. For example, for a common practice project, the staff may perform an empirical analysis of IFRS financial statements and may set specific benchmark criteria to identify and select proposed new taxonomy elements. The IFRS Foundation makes publicly available materials that document the specific development process being followed.

A32 Review of the proposed content amendments by the assigned IASB members would normally be undertaken before the staff proceed with the drafting of the *Proposed IFRS Taxonomy Update* document.

A33 Preparation of the *Proposed IFRS Taxonomy Technical Files* is optional for updated related to common practice elements.

A34 A draft outline of the proposed *IFRS Taxonomy Update* and, if they have been prepared, the *Proposed IFRS Taxonomy File Updates*, are normally provided to by members of the ITCG for their review.

**Technology and structural changes**

A35 IFRS Taxonomy technology changes may affect the way in which the IFRS Taxonomy has been implemented by its users. Because this impact could be significant, when technology

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2 This only relates to the work plan for IFRS Taxonomy content not reflecting new or amended IFRSs. The work plan for IFRS Taxonomy content reflecting new or amended IFRSs is determined by the IASB standard-setting work plan.
changes are planned or occur, the staff assess whether changes to the IFRS Taxonomy are necessary. That consultation should be broad and would normally include the ITCG and targeted outreach, particularly with regulators and software vendors. When the changes are expected to be substantial or alternative options exist, it may be appropriate to issue a Request for Information before formalising a proposal to change the taxonomy. Structural changes could include separating the taxonomy into modules and adding or removing element attributes.

A36 For technology and structural changes a Draft IFRS Taxonomy Update describing the technology changes and the Proposed IFRS Taxonomy Technical File Updates must also be prepared and exposed for public comment.

A37 A draft outline of the Proposed IFRS Taxonomy Update document, a draft of the Proposed IFRS Taxonomy Technical Files and, where published, any draft of the Request for Information is provided to the ITCG for its review prior to publication and consultation.

Reviews and approval processes

IASB

A38 Approval of the proposed or final IFRS Taxonomy Update reflecting new or amended IFRSs requires the support of a super-majority of the IASB, by means of a ballot.

A39 Changes to IFRS Taxonomy common practice and any content that does not directly reflect new or amended IFRSs are normally reviewed by assigned IASB members before they are discussed in a public IASB meeting.

A40 Assigned IASB members also advise on staff proposals for the initiation of a new IFRS Taxonomy common practice project or any other project that affects the content of the IFRS Taxonomy but that does not directly result from new or amended IFRSs. This includes any content amendments that have been triggered as a result of a change to the technology of the IFRS Taxonomy.

A41 The IASB does not approve or review the IFRS Taxonomy Technical File Updates.

ITCG

A42 The ITCG reviews of the Proposed IFRS Taxonomy Technical File Updates help to ensure the technical integrity of the IFRS Taxonomy. The ITCG is also involved in the reviews of the Draft IFRS Taxonomy Updates and may also be asked to review IFRS Taxonomy educational and supporting materials.

A43 For new or amended IFRSs, the ITCG review period is normally aligned with the period the draft for editorial review the related Standard or Interpretation, is in circulation. For other reviews, and in cases in which no editorial review takes place, the ITCG is normally given 14 days to conduct reviews. If the matter is considered narrow in scope and/or urgent, such as dealing with a fault in the files or to implement a change to an IFRS that was issued by the IASB using an expedited due process in accordance with paragraph 6.7 or 6.8 the ITCG review period may be reduced, but not to less than 7 calendar days.

A44 Because reviewers convey their personal views, rather than those of their organisations, their comments are not made public, unless specifically agreed with the ITCG member providing the comment. The staff normally summarise the ITCG comments received at a public meeting of the ITCG.

Consultation

A45 Draft IFRS Taxonomy Updates and, when required to be prepared, Proposed IFRS Taxonomy Technical File Updates are the subject of public consultation. The comment
period will normally be at least 60 days. If the matter is narrow in scope and/or urgent, the IASB can consider a comment period of no less than 30 days after obtaining approval from the Due Process Oversight Committee.

A46 The publication of draft IFRS Taxonomy Technical Files that reflect proposed content updates is an optional step. No public consultation on the IFRS Taxonomy Technical Files is required for content updates, because the updated files are merely capturing the proposed content changes set out in the Draft IFRS Taxonomy Update.

A47 The IASB and its staff should supplement the public consultation with targeted consultation and field testing to gain assurance that the proposed changes will improve the IFRS Taxonomy. Information gathered by such means forms part of the information used by the IASB to support its decisions in relation to the IFRS Taxonomy.

Finalising Updates to the IFRS Taxonomy

Consideration of comments received and consultations

A48 All public comment letters received in relation to a public consultation are posted on the IFRS Foundation website. The staff analyse the comments received and evaluate whether to recommend changes be to the original proposals and whether any revised proposals should be re-exposed.

A49 The staff shall discuss the comments received and the changes to the original proposals, including any proposal to re-expose, with the:

(a) IASB at a public meeting (for new or amended IFRSs);
(b) assigned IASB members, with a public summary of these discussions being prepared by the staff where relevant (for common practice and other content that does not reflect new or amended IFRSs); and
(c) ITCG at a public meeting (for changes to the technology of the IFRS Taxonomy) with a public summary of these discussions being prepared by staff where relevant.

A50 The DPOC must be informed about the due process steps that have been undertaken prior to the finalisation of substantive changes to the IFRS Taxonomy technology and content.

Drafting, review and publication

A51 After comments have been considered and discussed, the staff proceed with the drafting, IASB approval (for content amendments reflecting new or amended IFRSs) and the publication of the IFRS Taxonomy Update.

A52 The creation and publication of the IFRS Taxonomy Technical File Update is a mandatory step for final updates to both the content and the technology of the IFRS Taxonomy.

A53 A review by the ITCG of the IFRS Taxonomy Technical File Update and the IFRS Taxonomy Update document is optional. When assessing whether such a review would be useful, the staff consider the substance of any changes made to the final IFRS Taxonomy as a result of comments received during public consultation.

IFRS Taxonomy releases, translations and editorial corrections

A54 The IFRS Foundation shall make available a release of a compiled IFRS Taxonomy using content and technology that has previously been subjected to full due process. No public consultation is required prior to the release of a compiled IFRS Taxonomy. An updated IFRS Taxonomy Release should be made available at least annually.
A55 Translations of the IFRS Taxonomy content are initiated in response to requests from jurisdictions that have adopted, or are developing an interest in, the IFRS Taxonomy. The same procedures followed for translations of IFRSs apply to translations of the IFRS Taxonomy.

A56 The staff may make editorial corrections to the IFRS Taxonomy after publication, to remedy any errors that have been made. Editorial corrections do not alter the intended accounting meaning of IFRS Taxonomy elements or change the technology of the IFRS Taxonomy. For example, editorial corrections may fix specific XBRL attributes such as debit or credit or element label spelling errors. The staff may also make maintenance-type changes to the IFRS Taxonomy, such as, for example, an update to the effective and expiry dates of the IFRS Taxonomy elements to reflect the passage of time. Editorial corrections and maintenance-type amendments are considered post-publication procedures, and do not require approval by the IASB or exposed for public consultation.
Consequential amendments

**IFRS Taxonomy (XBRL)**

6.51 The implications for the IFRS Taxonomy are considered during the development and drafting of new and amended. The publication of the Proposed IFRS Taxonomy Update document normally happens at the same time as, or closely after, the final Standard or amendment to a Standard is published.

**Taxonomy terms**

*IFRS Taxonomy*: a structured classification system that expresses information presented and disclosed in general purpose financial reports prepared in accordance with IFRS as elements, including their properties and how they relate to one another (the data model).

*IFRS Taxonomy Release*: a document that describes in human-readable form the IFRS Taxonomy.

*IFRS Taxonomy common practice content*: are IFRS Taxonomy elements including their properties and data model to reflect IFRS disclosures that are commonly disclosed in practice by entities when applying IFRSs even if they are not referred to explicitly in the Standards or the accompanying materials to the Standards. Normally, common practice elements of the IFRS Taxonomy are specific examples of general reporting categories required by an IFRS. For example, the IFRS Taxonomy has common practice elements for some specific types of revenue, expenses and classes of property, plant and equipment. Preparers are required by IFRS to report material classes of these more general items in financial statements.

*IFRS Taxonomy Update*: a document that describes in human-readable form amendments to the IFRS Taxonomy, why these changes are made, where alternative options exist, the reasoning as to why a particular option is preferred. A Draft IFRS Taxonomy Update document is the basis for exposing the proposed changes to the technology or content of the IFRS Taxonomy for public comment.

*IFRS Taxonomy Technical Files*: are the technical files expressed using the syntax appropriate to the computer languages, and any related standard, supported for this purpose by the IFRS Foundation. Proposed IFRS Taxonomy File Update expose the changes for public comment.