



IFRS Taxonomy and digital financial reporting

Ann Tarca
IASB Member
July 2021

Agenda for the presentation

Introduction

IFRS Taxonomy 2021

ESEF in Europe

Agenda consultation

Recent key developments in digital reporting



2021 IFRS
Taxonomy



Digital
considerations in
standard setting
process



IFRS Agenda
Consultation



First year of
ESEF reporting
in Europe



Inline XBRL for
SEC reporting in
USA



Sustainability
reporting



IFRS Taxonomy 2021

<https://www.ifrs.org/issued-standards/ifrs-taxonomy/>

IFRS Taxonomy 2021

100+
tags added



IFRS
Taxonomy
2021



5
IFRS Taxonomy
Updates

400+
filings
analysed



~10
Issues raised by
stakeholders addressed

IFRS Taxonomy 2021

Updates reflecting new or amended IFRS Standards

Common Practice and General Improvements

Update 1 Covid-19-Related Rent Concessions

Update 4 Information in primary financial statements

Update 2 Interest Rate Benchmark Reform: Phase 2

Update 5 Employee Benefits

Update 3 Amendments to IFRS 17 and IAS 16

Why are we making other changes to the IFRS Taxonomy?

Common practice

- Reflects commonly reported information that is not explicitly required by IFRS Standards.
- Reduces entity-specific elements (extensions) to:
 - enable more consistent tagging between companies
 - ease use of electronic information

General improvements

- Changes to support high-quality tagging, including:
- labelling changes to clarify the accounting meaning of an element
 - adding guidance labels to clarify the appropriate use of the element
 - improving IFRS Taxonomy modelling to reduce diversity in tagging

Resources to support high-quality tagging

Within the IFRS Taxonomy

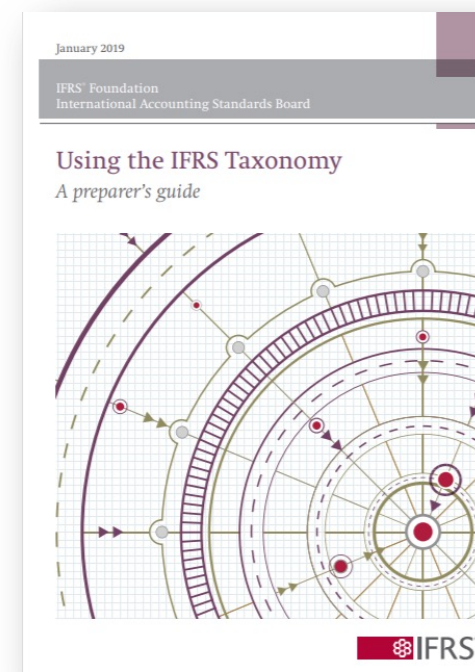
For each element:

- **References** indicate the related requirement(s) in IFRS Standards
- **Documentation labels** provide a definition
- **Guidance labels** provide additional guidance, for example on which sign to use

These labels are also available in the [IFRS Taxonomy Illustrated](#) in Excel.

Guides and other supporting materials*

- **Updates** to explain changes to the IFRS Taxonomy
- **Versioning** to illustrate changes to the IFRS Taxonomy
- **Preparer's guide** to explain how to use the IFRS taxonomy



* See <https://www.ifrs.org/issued-standards/ifrs-taxonomy/#general-resources>



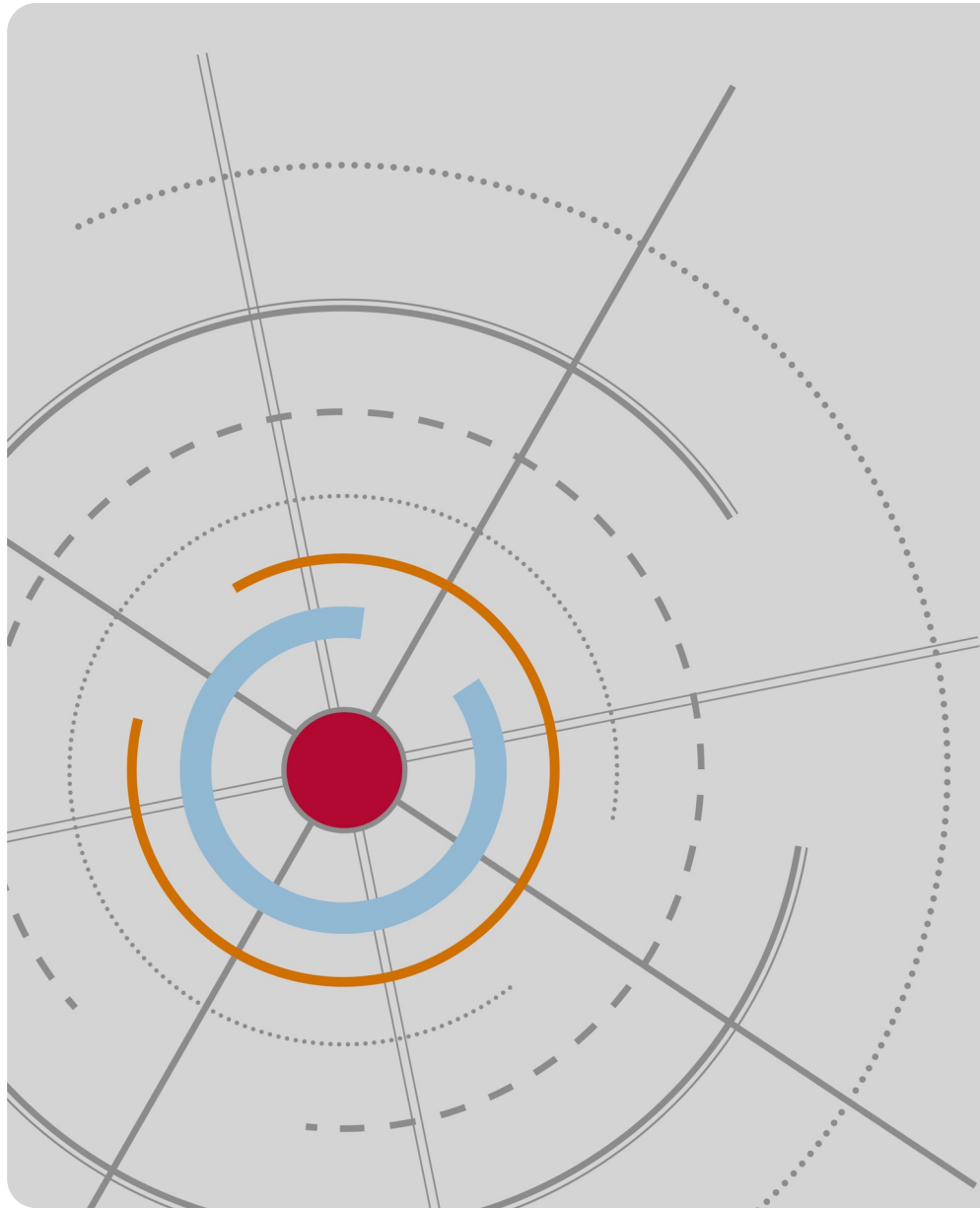
ESEF in Europe

ESEF in Europe

- Widespread use of IFRS Taxonomy
- Has potential to greatly expand use of digital financial reporting
 - Many benefits: speed, accuracy, coverage, ‘as reported’ data
 - ‘democratization’ of data, efficiency in reporting
 - Use for financial and non-financial information
- Investors seek
 - Structured data, greater comparability
 - More disaggregated data
- Experience in USA points to need for
 - Data quality controls
 - Audit
 - Central data repository

ESEF in Europe

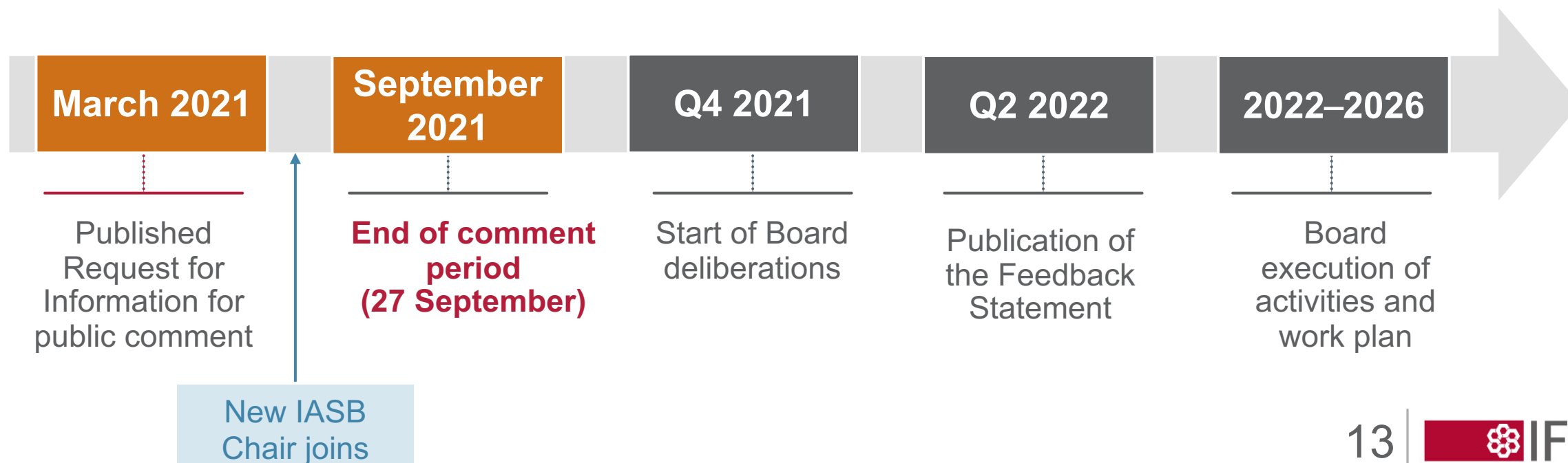
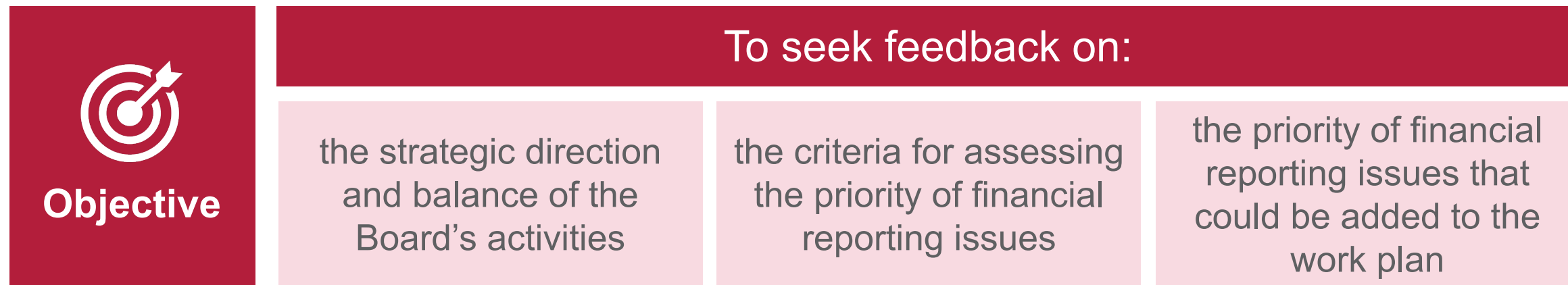
- Early feedback (from IFRS Conference June 2021)
 - Wide availability of tools, active and competitive market
 - No technical difficulties with iXBRL or anchoring
- It will take time to build knowledge
 - Preparers should not underestimate the time and effort required
 - Test filing process and validation rules before filing
- There is some diversity in enforcement practices
 - Difficulties for preparers and vendors
 - ESMA will be working on supervisory convergence
- Plans for ESAP (European Single Access Point)



Agenda Consultation

<https://www.ifrs.org/projects/work-plan/2020-agenda-consultation/>

Objective and timeline of the consultation

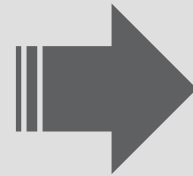


Strategic direction and balance of the Board's activities

Current level of focus on each activity	
New IFRS Standards and major amendments to IFRS Standards	40%–45%
Stakeholder engagement	20%-25%
Maintenance and consistent application of IFRS Standards	15%–20%
The <i>IFRS for SMEs</i> Standard	5%
Digital financial reporting	5%
Understandability and accessibility	5%

Resources

The overall level of resources available to the Board will remain substantially unchanged



Increasing the resource allocation to one activity will mean fewer resources are available for other activities

Digital financial reporting

Objective: Facilitate the digital consumption of financial information

What the Board currently does

1 Develop the IFRS Taxonomy

- Updates for new or amended Standards
- Updates for common reporting practice
- Educational materials to support use

2 IFRS Standards for a digital world

Presentation and disclosure requirements are 'digital neutral'. That is, they are drafted for both paper-based and digital consumption of financial reports.

3 Digital ecosystem

- Commentary in speeches and other discussions
- Meetings as requested by regulators

What more could the Board do?

A vision for digital financial markets

② IFRS Standards for a digital world

Transparency, accountability and efficiency
through democratisation of financial reports

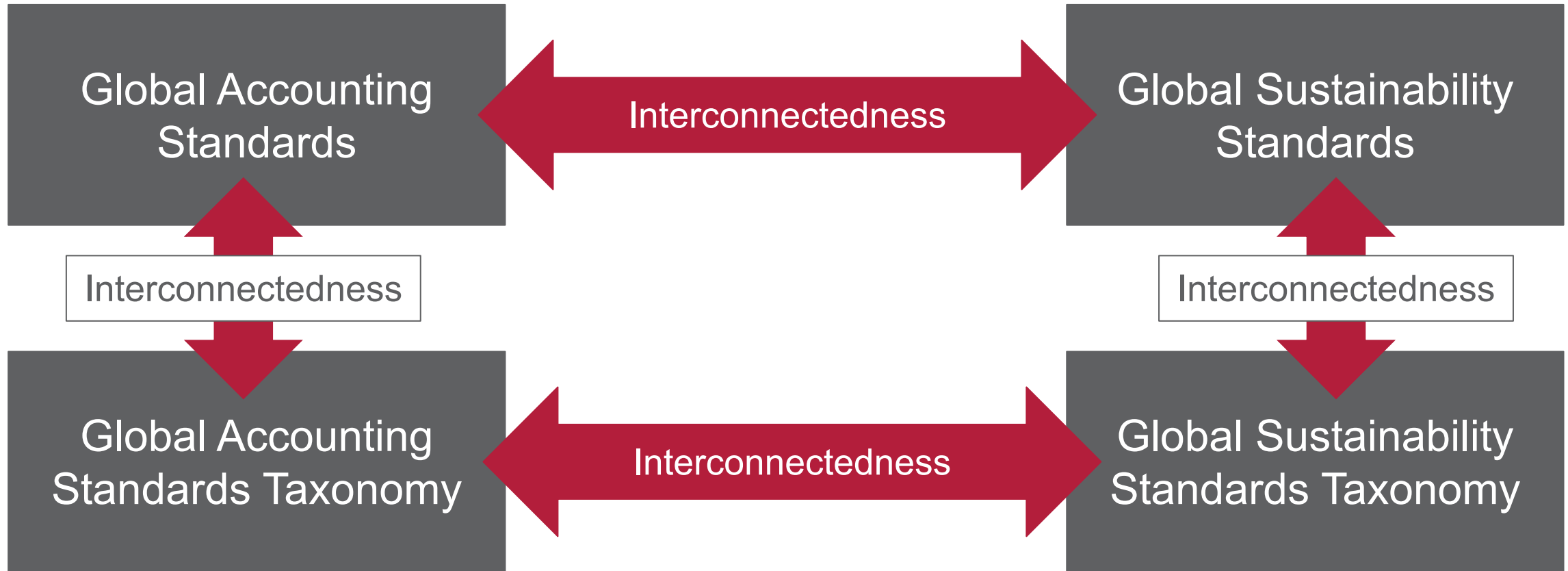
**All investors have digital access to all aspects of
financial reporting for all companies**

① Develop the IFRS Taxonomy

③ Digital ecosystem

Without joint efforts towards the vision, will we lose all the benefits of high-quality global financial reporting in a digital world?

Global Accounting Standards and Sustainability Standards



See <https://www.ifrs.org/projects/work-plan/sustainability-reporting/>

Find us online



www.ifrs.org



IFRS Foundation | International Accounting Standards Board



@IFRSFoundation



IFRS Foundation



IFRS Foundation

Join our team: go.ifrs.org/careers