

August 2020

Proposed IFRS[®] Taxonomy Update

PTU/2020/3

IFRS Taxonomy 2020

Interest Rate Benchmark Reform—Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Comments to be received by 28 September 2020

IASB[®]

 IFRS[®]

IFRS® Taxonomy 2020

Proposed Update 3

Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Comments to be received by 28 September 2020

IFRS® Taxonomy 2020—Proposed Update 3 *Interest Rate Benchmark Reform—Phase 2* is published by the International Accounting Standards Board (Board) for comment only. Comments need to be received by **28 September 2020** and should be submitted by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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Overview of the proposed changes to the IFRS Taxonomy

Introduction

In August 2020 the International Accounting Standards Board (Board) issued *Interest Rate Benchmark Reform – Phase 2* (the amendments), which amended IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*. The amendments added new disclosure requirements to IFRS 7 to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Earlier application of the amendments is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

To reflect the amended disclosure requirements, the Board proposes to add four elements and one table to the IFRS Taxonomy, as described in paragraphs 3–10. The documentation labels of the new IFRS Taxonomy elements are included in paragraph 11.

Reading this proposed update

This document uses taxonomy-specific terminology. For more information, please refer to the *Guide to understanding the IFRS Taxonomy Update* and *Using the IFRS Taxonomy—A preparer's guide*.¹ The appendix provides brief explanations of the IFRS Taxonomy terms used in this document.

IFRS Taxonomy files

IFRS Taxonomy files are not provided for this Proposed IFRS Taxonomy Update because the changes are narrow in scope.

Next steps

The Board will analyse comments received on this Proposed IFRS Taxonomy Update and make necessary amendments. After approval by the Board, a final IFRS Taxonomy Update will be released.

¹ The *Guide to understanding the IFRS Taxonomy Update* is available at <https://www.ifrs.org/-/media/feature/standards/taxonomy/general-resources/understanding-ifrs-taxonomy-update.pdf>. *Using the IFRS Taxonomy—A preparer's guide* is available at <https://www.ifrs.org/-/media/feature/resources-for-preparers/xbrl-using-the-ifrs-taxonomy-a-preparers-guide-january-2019.pdf>.

Invitation to comment

Introduction

The Board invites comments on this Proposed IFRS Taxonomy Update, particularly on the questions set out below. Comments are most helpful if they:

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

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

Questions for respondents

Question 1—Adequate reflection of amended disclosure requirements in IFRS 7
Do the proposed changes to the IFRS Taxonomy adequately reflect the amendments to the disclosure requirements in IFRS 7 (paragraphs 3–6)?
If not, please specify what changes you suggest and why.

Question 2—Disclosure of fact of early application of the amendments
Do you agree with the proposed addition of a line item and member for the disclosure of the fact that an entity has applied the amendments early (paragraphs 7–10)?
If not, please specify what changes you suggest and why.

Question 3—Appropriate use of element labels
Do the labels of new elements that have been proposed for the IFRS Taxonomy faithfully represent the meaning of the elements?
If not, please specify what changes you suggest and why.

Question 4—Appropriate use of documentation labels
Do the documentation labels of new elements that have been proposed for the IFRS Taxonomy appropriately define those elements (paragraph 11)?
If not, please specify what changes you suggest and why.

Deadline

The Board will consider all comments received in writing by 28 September 2020.

How to comment

The IFRS Foundation's offices are closed temporarily in line with government measures to stem the covid-19 pandemic. However, we are working and will consider your views in finalising the proposed update. Please submit your comments electronically.

Online <https://www.ifrs.org/projects/open-for-comment/>

By email commentletters@ifrs.org

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

In this Proposed IFRS Taxonomy Update, changes to the IFRS Taxonomy elements are shown in tables.

New elements are shaded in green. Existing elements provided for context only (no changes are proposed) use grey text.

Indents are used to indicate a parent-child relationship between IFRS Taxonomy elements.

New disclosures introduced by *Interest Rate Benchmark Reform—Phase 2*

New disclosure requirements in IFRS 7

1 IFRS 7 *Financial Instruments: Disclosures*, as amended in August 2020, added the following disclosure requirements related to interest rate benchmark reform:

24I To enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy, an entity shall disclose information about:

- (a) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and
- (b) the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

24J To meet the objectives in paragraph 24I, an entity shall disclose:

- (a) how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;
- (b) disaggregated by significant interest rate benchmark subject to interest rate benchmark reform, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:
 - (i) non-derivative financial assets;
 - (ii) non-derivative financial liabilities; and
 - (iii) derivatives; and
- (c) if the risks identified in paragraph 24J(a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), a description of these changes.

- 2 Consequently, the Board proposes to add two elements and one table in the presentation group [822390] Notes - Financial instruments.

Proposed new elements

- 3 To reflect in the IFRS Taxonomy the disclosure requirements described in paragraphs 24J(a) and 24J(c) of IFRS 7, the Board proposes two new text block elements:²

Element label	ET	ER	Reference
Disclosure of how entity is managing transition to alternative benchmark rates, its progress and risks to which it is exposed arising from financial instruments because of transition	TB	D	IFRS 7.24J(a)
Description of changes to entity's risk management strategy arising from entity's exposure to financial instruments subject to interest rate benchmark reform	TB	D	IFRS 7.24J(c)

Proposed new table

- 4 To reflect in the IFRS Taxonomy the disclosure requirements described in paragraph 24J(b) of IFRS 7, the Board proposes to add a new table:

Table text block

Element label	ET	ER	Reference
Disclosure of quantitative information about financial instruments that have yet to transition to alternative benchmark rate	TB	D	IFRS 7.24J(b)

Line items

Element label	ET	ER	Reference
Quantitative information about non-derivative financial assets that have yet to transition to alternative benchmark rate	TB	D	IFRS 7.24J(b)(i)
Quantitative information about non-derivative financial liabilities that have yet to transition to alternative benchmark rate	TB	D	IFRS 7.24J(b)(ii)
Quantitative information about derivatives that have yet to transition to alternative benchmark rate	TB	D	IFRS 7.24J(b)(iii)

² 'ET' and 'ER' represent element type and element reference type, respectively. Element types 'T' and 'TB' represent text and text block element types, respectively. In this document, '(DM)', '(M)' and '(A)' represent default member, member and axis, respectively. For element reference type, 'D' represents disclosure requirement.

- 5 A text block element is used within the IFRS Taxonomy when information required by an IFRS Standard could be disclosed in various ways. The Board proposes to use text block elements for this disclosure of quantitative information because the disclosure requirements are not prescriptive about how the quantitative information should be provided. The amendments, therefore, permit an entity to choose the way in which it provides this quantitative information—for example, an entity can provide such information as an amount or a percentage accompanied by qualitative information to explain the context of the quantitative information.

Axis and members

- 6 Entities are required to disaggregate the quantitative information required by paragraph 24J(b) by significant interest rate benchmark subject to interest rate benchmark reform. To enable the reporting of this disaggregation, the Board proposes to add an axis, a default member and a member to the IFRS Taxonomy. The Board is not proposing to list all the types of interest rate benchmarks under this axis because the Board considers doing so to be outside the scope of the IFRS Taxonomy. Consequently, preparers will need to add extension members for the various significant interest rate benchmarks reported in their financial statements.

Element label	ER	Reference
Interest rate benchmarks (A)	D	IFRS 7.24J(b)
Interest rate benchmarks (DM)	D	IFRS 7.24J(b)
Significant interest rate benchmarks subject to interest rate benchmark reform (M)	D	IFRS 7.24J(b)

Effective date of the amendments and disclosure of fact of early application

- 7 The amendments apply to annual periods beginning on or after 1 January 2021. Earlier application of the amendments, and therefore earlier use of the proposed IFRS Taxonomy elements, is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.
- 8 Many new or amended IFRS Standards permit early application and require an entity to disclose the fact of early application. The current IFRS Taxonomy does not have a specific element for this disclosure requirement. The Board holds the view that the ease of use of the tagged data can be improved by adding new elements specially relating to the disclosure of the fact of early application.
- 9 Consequently, the Board proposes to add one line item and one member element to the existing table 'Disclosure of initial application of standards or interpretations' in the presentation group [811000] Notes - Accounting policies, changes in accounting estimates and errors. Entities can use the combination of this new line item and member to tag the disclosure of the fact of early application of the *Interest Rate Benchmark Reform—Phase 2* amendments.

Line items

Element label	ET	ER	Reference
Description of transitional provisions of initially applied IFRS that might have effect on future periods	T	D	IAS 8.28(e)
Description of fact that new or amended IFRS Standard is applied early	T	D	IFRS 9.7.1.9, IAS 39.108H, IFRS 4.50, IFRS 16.C1B

Axis and members

Element label	ER	Reference
Initially applied IFRSs (A)	D	IAS 8.28
Initially applied IFRSs (DM)	D	IAS 8.28
Interest rate benchmark reform phase 2 (M)	D	IFRS 9.7.1.9, IAS 39.108H, IFRS 4.50, IFRS 16.C1B

- 10 If the proposal outlined in paragraph 9 is finalised, the Board will consider whether to create new member elements for all new or amended IFRS Standards that permit early application.

Documentation labels for new elements

- 11 The IFRS Taxonomy includes documentation labels (also called definitions) that clarify the accounting meaning of an element to help preparers identify the correct element to use when tagging financial statements and to help users of financial statements understand information reported electronically. The table below includes the proposed documentation labels for the new elements described in paragraphs 3–9.

Element label	Documentation label
Disclosure of how entity is managing transition to alternative benchmark rates, its progress and risks to which it is exposed arising from financial instruments because of transition	The disclosure of how the entity is managing the transition to alternative benchmark rates, its progress and the risks to which it is exposed arising from financial instruments because of the transition.
Description of changes to entity's risk management strategy arising from entity's exposure to financial instruments subject to interest rate benchmark reform	The description of changes to an entity's risk management strategy arising from the entity's exposure to financial instruments subject to interest rate benchmark reform.

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Element label	Documentation label
Disclosure of quantitative information about financial instruments that have yet to transition to alternative benchmark rate	The disclosure of quantitative information about financial instruments that have yet to transition to an alternative benchmark rate.
Quantitative information about non-derivative financial assets that have yet to transition to alternative benchmark rate	The quantitative information about non-derivative financial assets that have yet to transition to an alternative benchmark rate.
Quantitative information about non-derivative financial liabilities that have yet to transition to alternative benchmark rate	The quantitative information about non-derivative financial liabilities that have yet to transition to an alternative benchmark rate.
Quantitative information about derivatives that have yet to transition to alternative benchmark rate	The quantitative information about derivatives that have yet to transition to an alternative benchmark rate.
Interest rate benchmarks (A)	The axis of a table defines the relationship between the domain members or categories in the table and the line items or concepts that complete the table.
Interest rate benchmarks (DM)	This member stands for all interest rate benchmarks. It also represents the standard value for the 'Interest rate benchmarks' axis if no other member is used.
Significant interest rate benchmarks subject to interest rate benchmark reform (M)	This member stands for all significant interest rate benchmarks that are subject to interest rate benchmark reform.
Description of fact that new or amended IFRS Standard is applied early	The description of the fact that a new or amended IFRS Standard is applied earlier than its effective date.
Interest rate benchmark reform phase 2 (M)	This member stands for Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

**Approval by the Board of Proposed IFRS Taxonomy Update
Interest Rate Benchmark Reform—Phase 2 published in August
2020**

Proposed IFRS Taxonomy Update *Interest Rate Benchmark Reform—Phase 2* was approved for publication by 12 of 13 members of the International Accounting Standards Board. Mr Gast abstained in view of his recent appointment to the Board.

Hans Hoogervorst Chairman

Suzanne Lloyd Vice-Chair

Nick Anderson

Tadeu Cendon

Martin Edelmann

Françoise Flores

Zach Gast

Jianqiao Lu

Darrel Scott

Thomas Scott

Rika Suzuki

Ann Tarca

Mary Tokar

Appendix—IFRS Taxonomy content terminology

The tables in this appendix provide a brief explanation of the IFRS Taxonomy terms used in this document.

Core content—IFRS Taxonomy elements	
<p>The IFRS Taxonomy contains elements that represent disclosures in financial statements prepared applying IFRS Standards.</p> <p>These elements are described using:</p> <ul style="list-style-type: none"> • line items – which represent the accounting concepts being reported. They can be either numerical or narrative, reflecting the figures and narrative reported, for example, ‘Assets’, ‘Property, plant and equipment’ and ‘Description of accounting policy for government grants’. • axes and members – information categories and components that accounting concepts can be broken down into or reported by, for example, ‘Classes of property, plant and equipment’. • axis and default member – all axes in the IFRS Taxonomy have a default member that applies whenever a preparer does not combine a line item with a specific member to tag the value of a disclosure. • tables – logical groupings of IFRS Taxonomy axes, members and line items. 	<p>These IFRS Taxonomy elements have:</p> <ul style="list-style-type: none"> • element names and element identifiers – unique computer tags used to identify and mark up the data. • element standard labels – human-readable names reflecting the accounting meaning of an element. Some elements have additional labels that provide more specific descriptions, for example, to indicate a total or distinguish between opening and closing balances. Those additional labels do not alter the accounting meaning of the element but are used for presentation purposes when displaying IFRS Taxonomy content. • element types (ET) – categories of permitted data values, for example, text (T), text block (TB), monetary (M), decimal (DEC), percentage (P). <ul style="list-style-type: none"> • Text element types are used for narrative disclosure. They are also used when IFRS Standards do not specify the details of a disclosure requirement, but that disclosure requirement is expected to be expressed in free text format by a preparer. • Text block element types are used for a set of information which may include, for example, numeric disclosures, narrative explanations, tables, etc.

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Core content—IFRS Taxonomy elements	
	<ul style="list-style-type: none"> • element properties, such as the: <ul style="list-style-type: none"> • period – which indicates whether the element is expected to be reported for a period of time (duration) or at a particular point in time (instant); and • balance – which indicates whether the element is generally expected to be reported as a credit or a debit.
Supporting content—documentation and references for IFRS Taxonomy elements	
<p>The IFRS Taxonomy provides supporting content to help users better understand the accounting meaning of an element.</p>	<p>This content includes:</p> <ul style="list-style-type: none"> • references – which link an element to the authoritative literature, for example, IFRS 15 <i>Revenue from Contracts with Customers</i>. • element reference types (ER) – which define the source of an element, for example, disclosure (D), example (E) and common practice (CP). • documentation labels – which provide a textual definition of each element. The sources of these definitions are the IFRS Standards and their accompanying materials, when available.

Supporting content—relationships between IFRS Taxonomy elements (linkbases)	
<p>The IFRS Taxonomy uses the calculation linkbase to help users better understand how elements may relate mathematically to each other.</p>	<p>For example, this content includes:</p> <ul style="list-style-type: none"> • summations of elements to a total or subtotal; and • formulas to indicate that an element is a ratio of other taxonomy elements.
<p>The IFRS Taxonomy uses the presentation linkbase to provide presentation views under which the line items, axes and members (or a combination of those as tables) have been grouped. This supports human-readable viewing and navigation of the IFRS Taxonomy.</p>	<p>The IFRS Taxonomy has specific presentation elements:</p> <ul style="list-style-type: none"> • headings; and • presentation groups. <p>These elements are not used when tagging financial statements. These headings and presentation groups also have standard labels.</p>
<p>The IFRS Taxonomy uses the definition linkbase to provide views under which the combined line items, axes and members (tables) have been grouped. This supports computer-readable use of the IFRS Taxonomy.</p>	<p>For example, the content includes:</p> <ul style="list-style-type: none"> • a definition for each table; and • a default member for each axis.