

STAFF PAPER

July 2015

IASB Meeting

Project	IFRS Taxonomy Due Process [Education Session]		
Paper topic	Supporting material for Agenda Paper 13A: Summary Feedback		
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This paper has been prepared for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Introduction

In June 2015 the staff provided the IASB with a summary of the feedback of the comments received on the Exposure Draft *Disclosure Initiative* (Proposed amendments to IAS 7) (the ED). This summary was included in Agenda Paper 11A *Proposed amendments to IAS 7: Feedback summary* for that meeting (the Feedback Summary). This paper includes relevant extracts from the Feedback Summary relating to the IFRS Taxonomy due process (Question 4 of the ED).

Extract from the Feedback Summary—Question 4: Responses to the IFRS Taxonomy due process

71. Another aim of this ED was to conduct a trial of the IFRS Taxonomy due process, the aim of which was to evaluate:
- (a) a proposal to publish the *Proposed IFRS Taxonomy Update* document at the same time and in the form of accompanying material to an Exposure Draft (paragraphs 73–86); and
 - (b) the form and content of the *Proposed IFRS Taxonomy Update* document (paragraphs 87–90).
72. It needs to be noted that this trial is not a formal consultation of the IFRS Taxonomy due process, but instead was intended to help evaluate the possible

options. A public consultation of the IFRS Taxonomy due process is expected to take place during the latter part of 2015.

Question 4(a): Publication of the proposed IFRS Taxonomy Update at the same time as the Exposure Draft

Introduction

73. All of the 69 respondents to the questions on the IFRS Taxonomy responded to this question. This comprised 8 of the respondents who had commented on question 3 plus 61 others.

Feedback

74. A few respondents explained why they provided little or no comment on the IFRS Taxonomy due process, namely that because:
- (a) they did not support the proposed amendments to IAS 7, they chose not to make any comments on the proposed changes to the IFRS Taxonomy or its due process.
 - (b) they do not use the IFRS Taxonomy and have little or no technical expertise in its use, they saw no need to comment and/or were not in a position to comment. This view was expressed mainly by preparers.
75. Of those who responded to this question, some supported the simultaneous publication of the proposed IFRS Taxonomy Update and the ED. This support was highest among data aggregators, standard-setters and security regulators. Reasons for this support included that the publication of a proposed IFRS Taxonomy Update with an Exposure Draft:
- (a) tests the feasibility of the proposals in the ED to be appropriately reflected in the IFRS Taxonomy; and
 - (b) is beneficial for stakeholders who could gain rapid visibility on the way the ED would be reflected in electronic reporting.
76. Seven of the 8 respondents who replied to questions 3 and 4 supported the simultaneous publication of the proposed IFRS Taxonomy Update and the ED. There were mixed views from the other respondent. This respondent highlighted that such a publication is necessary due to the growing importance of digital

reporting. However they were concerned that such a publication might cause delays in standard-setting.

77. A few respondents said that they could see both the benefits and the risks of issuing the proposed IFRS Taxonomy Update at the same time as the ED. They suggested that it would be beneficial to address IFRS Taxonomy issues early. (It can be seen why this could be beneficial, in light of the requirement of paragraph 50A which might be interpreted as requiring either quantitative or qualitative information). However they thought that this approach could also potentially divert attention from the amendments to the Standard, leading to less effective responses on the proposed accounting amendments that the ED seeks to address.
78. The remaining 61 respondents had not commented on the Taxonomy update for IAS 7. Most of these respondents did not support the simultaneous publication of the an IFRS Taxonomy Update as part of an ED. This view was highest among preparers.
79. Of these, many were of the view that the proposed IFRS Taxonomy Update should be based on the final amendments to the Standard and not on the ED. The view was expressed that it would be premature to consider the proposed IFRS Taxonomy at the ED stage, because the proposed amendments to the Standard would still be subject to change based on the responses received from the ED. Some further added that if this were the case, a lot of time and effort would have been expended in order to review the IFRS Taxonomy that is still subject to change, resulting in a waste of time and resources and the incurring of additional costs.
80. There was also a concern expressed by some respondents that the publication of the proposed IFRS Taxonomy Update with the ED may undermine or constrain the development of principle-based accounting Standards by the IASB. There was a suggestion that the development of the IFRS Taxonomy should not influence standard-setting.
81. Some respondents mentioned that some readers of the ED do not currently use the IFRS Taxonomy; and thus will not be interested in it, nor be able to understand the technicalities of it. Consequently, the IFRS Taxonomy would have limited or no relevance to such readers.

82. Some respondents who did not support simultaneous publication, suggested that instead of having the ED and the IFRS Taxonomy integrated into one document, they should be published as two separate documents. The principal reason for this was to avoid any potential misinterpretation between the Standard and the IFRS Taxonomy.
83. Some respondents pointed to various drawbacks that could arise from publishing the proposed IFRS Taxonomy with the ED. These points were merely stated and not necessarily elaborated on. These include:
- (a) adds complexity to the review and analysis of the ED and diverts resources;
 - (b) IFRS requirements may be “unintentionally” influenced by the particulars of the IFRS Taxonomy; and
 - (c) may lead to prescriptive outcomes for IFRS requirements.
84. Some of the respondents suggested that if the IASB decides to publish proposed IFRS Taxonomy Updates at the same time as an ED, such publications should be done only for narrow-scope amendments and not for more complex amendments. They are concerned that more complex amendments could lead to delays in standard setting.
85. A few respondents further cautioned that the IASB should not consider integrating the IFRS Taxonomy into the standard-setting process. They expressed the view that the ED should be focussed on the development of conceptually sound accounting standards and not diverted by needs to address issues relating to the Taxonomy.
86. As a general comment, a few respondents highlighted that when Standards are amended, it creates challenges for software producers in terms of keeping their products up to date and assisting their customers to implement these changes. Consequently, they suggested that amendments to the IFRS Taxonomy should be done on a regular cycle based on a group of final Standards or amendments to Standards, instead of on the basis of individual IASB publications.

Question 4(b): Form and content of the proposed IFRS Taxonomy Update*Introduction*

87. As previously mentioned, the ED asked for respondents' views on the form and content of the proposed IFRS Taxonomy Update.

Feedback

88. Only some respondents commented on this question.
89. Of the respondents who commented on this question, many supported the form and content of the proposed IFRS Taxonomy Update and found it to be useful. Some of these respondents suggested that it would be helpful if more explanation could be given on the relationship between the illustrative example in the proposed ED and sample IFRS Taxonomy view.
90. Some respondents to this question did not support the form and content of the proposed IFRS Taxonomy Update. They expressed the view that the Update can be difficult to understand if readers do not possess the necessary technical knowledge. Consequently, it was suggested that the IFRS Taxonomy should be treated as a separate project from the ED.

Next steps for the Taxonomy

91. When it is reviewed by the DPOC, the staff will be considering and reconciling the following:
- (a) The consultation attracted over seven times as many letters than the typical annual Taxonomy release.
 - (b) Some respondents correctly tension between the Taxonomy proposals and the IAS 7 disclosure requirements
 - (c) Whether the language and presentation of the taxonomy information was, still, too technical (in a computer sense) for an IFRS ED.
 - (d) Whether there are other ways to consult simultaneously, such as by publishing separate booklets.

Appendix A—Comment letter demographic information (illustrative only)

A1. The following is a summary of the 111 comment letters received by 22 May 2015.

