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IFRS Taxonomy Consultative Group (ITCG) meeting

Date **1 February 2024**

Project **Digital Financial Reporting**

Topic **Updating the IFRS Digital Taxonomies regulator's guide**

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Purpose of this session

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- Discuss the update of "*Using the IFRS Taxonomy—A regulator's guide"*, last revised in May 2015.

- Obtain advice on the scope of the update and specific topics to include in the updated version.

Questions for ITGC members?

- Do you have any questions or comments on the scope of the update or proposed topics for the updated regulator's guide?

- Are there any topics you think we should consider adding during this update, or as part of any future updates to the regulator's guide?

Overview

1. Need for updated materials to support regulators

2. Overview of updated materials to support regulators

3. Digital financial reporting awareness article

4. Background—existing regulator's guide

5. Scope of the update

6. Update to the regulator's guide

7. Proposed content for the regulator's guide

Need for updated materials to support regulators

- General introductory materials needed for regulators and other stakeholders new to digital financial reporting, especially given the developments in the digital reporting ecosystem (growing importance as technology use is rapidly increasing and investor use is expanding)

  - Currently lacking proper introduction on what is digital reporting and the purpose of having digital taxonomies

  - Guidance needed to help regulators implement the *forthcoming* IFRS Sustainability Disclosure Taxonomy

- Other opportunities to improve the existing guidance:

  - Better explain the purpose, content and need for the IFRS digital taxonomies

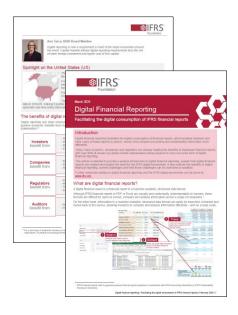 - Update for developments in best practice

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Overview of updated materials to support regulators

🔍 **Target Audience**	Regulators considering or in the early stage of adopting and implementing digital financial reporting requirements using the IFRS digital taxonomies

🎯 **Objectives**	Provide regulators with a first phase of guidance to: 1. Build a general understanding of digital financial reporting and the IFRS digital taxonomies 2. Encourage adoption of digital financial reporting and use of the IFRS digital taxonomies 3. Provide guidance needed to implement the IFRS digital taxonomies within electronic filing systems in an optimal way	Digital financial reporting article Updated regulator's guide

📅 **Target publication dates**	H1 2024 to coincide with publication of final ISSB taxonomy

Digital financial reporting article

- Currently developing a short article to:

  - Explain, for those new to digital financial reporting, what it is, how digital financial reports are created and the need for taxonomies

  - Advocate for regulators to introduce requirements and require use of the IFRS digital taxonomies

  - Create awareness for investors (including examples of where digital financial reports can be accessed)

- Opportunity to make this information accessible to a wider audience compared to including it in the updated regulator's guide

- Next steps:

  - ITCG members will be asked for feedback on the article in Q1 2024

  - Expect to publish the article in H1 2024

Background—existing regulator's guide

- [Using the IFRS Taxonomy—A regulator's guide](#) last updated in 2015

- Purpose:

    - To help regulators and other organisations with the adoption and ongoing use of the IFRS Accounting Taxonomy (IFRSAT) files and content within an electronic filing system

- Comprises:

    - Getting started with the adoption of the IFRSAT
    - An introduction to the IFRSAT architecture
    - Architecture options for the use of IFRSAT in a filing system
    - An appendix on best practices for regulator extensions in XBRL

Out of scope

- Detailed guidance on how to use the IFRS digital taxonomies when preparing digital financial reports

  - preparers guide Using the IFRS Taxonomy—*A preparer's guide* that we will look to update at a later date

- Guidance on how to consume digital financial reports prepared using the IFRS digital taxonomies

- Detailed technical aspects of the IFRS digital taxonomy architecture, linkbases, formulas, dimensions are already explained in Using the IFRS Taxonomy—*The Taxonomy architecture* and other existing guidance

- Detailed guidance on interoperability between the IFRS taxonomies and other taxonomies (will be considered for future updates to the regulator guide)

- Detailed guidance on the infrastructure needed to implement digital financial reporting using XBRL or other digital reporting formats (eg detailed guidance on developing or selecting a repository)

Update to the regulator's guide

- Going forward the intention is to continue to add to and update the regulator's guide as needed, to ensure the content remains accurate and relevant

- Proposed sections:

   Section 1—Introduction to the IFRS digital taxonomies

   Section 2—Information needed to implement the IFRS digital taxonomies

   Section 3—Using the IFRS Taxonomy files in an electronic filing system

   Section 4—Extension style and architecture practice

- Next steps:

   - Consider feedback received from the ITCG

   - ITCG review of updated regulator guide planned for March

Proposed content for the updated regulator's guide

Topic name	Proposed content
1. Introduction to IFRS digital taxonomies (1/2)	
Overview of the IFRS Accounting Taxonomy and IFRS Sustainability Disclosure Taxonomy	Introduces both IFRS digital taxonomies and explains the role they play
Overvew of the IFRS Sustainability Disclosure Taxonomy	Provides background on the IFRS Sustainability Disclosure Taxonomy and the use of narrative information and categorical elements
Overview of the content of the IFRS digital taxonomies	Explains that IFRS digital taxonomies reflect the requirements in IFRS Standards and common reporting practice
	Describes attributes of elements (labels, element types, etc)
Overview of the IFRS digital taxonomies due process and publication cycle	Provides an overview of the IFRS digital taxonomy due process, publications and XBRL files, updates and release schedule

Topic name	Proposed content
1. Introduction to IFRS digital taxonomies (2/2)	
Accessing the IFRS Taxonomy files	Describes how to access the IFRS digital taxonomies (human-readable formats, standards navigator, and through a taxonomy viewer)
Overview of how the IFRS digital taxonomies can be extended	Introduces how regulators can extend and customise the IFRS digital taxonomies, and entity-specific extensions. Explains that before entity-specific extensions are created, encourage the use of other applicable taxonomies (eg SASB Standards XBRL Taxonomy). More detailed guidance on regulator extensions is provided in the next section.
Licensing	Provides general guidance around licensing the IFRS digital taxonomies
Overview of supporting materials	Describes existing guides for the IFRS digital taxonomies, annual illustrative examples, amd versioning reports

Topic name	Proposed content
2. Information needed to implement the IFRS digital taxonomies (1/2)	
Which filing systems should use the IFRS Taxonomy?	Explains that the IFRS digital taxonomies are intended for use in electronic filing systems requiring or allowing the mark-up of IFRS financial reports
Deciding which report format to use	Identifies available report options and highlights iXBRL
Filing system documentation	Explains that a regulator should provide documentation of the architecture decisions taken and how they relate to the use of the IFRS Taxonomies and implementation guidance
Additional validation rules	Encourages regulators to create jurisdiction-specific validation rules to catch errors and inconsistencies in filings

Topic name	Proposed content
2. Information needed to implement the IFRS digital taxonomies (2/2)	
Entity-specific disclosures	Explains mechanisms for capturing entity-specific disclosures in an electronic filing system. Recommends that entity-specific information be tagged using entity-specific elements linked to a base taxonomy rather than block tagged or not tagged
The IFRS Taxonomy files and content	Provides an overview of the components and major files for the two taxonomies (element schemas, linkbases and entry points, validations)
3. Using the IFRS Taxonomy files in an electronic filing system	
Using the IFRS Taxonomy files in an electronic filing system	Explains recommended mechanisms for making use of the IFRS digital taxonomies (regulator extension and customisation options)
Use of IFRS namespace	Describes keeping IFRS Taxonomy elements and their supporting links and documentation associated with the IFRS namespace

Topic name	Proposed content
4. Extension style and architecture practice	
Best practices for extending the IFRS digital taxonomies in a way that is consistent and comparable	(a) Unit type registry (b) Using elements in the IFRS digital taxonomies (c) Not editing element labels, documentation and references in the IFRS digital taxonomies (d) Using relationships between elements in the IFRS digital taxonomies (e) Clearly identify any relationships from IFRS digital taxonomies used (f) Not prohibiting IFRS relationships (g) Extending tables (h) Monitoring tags used