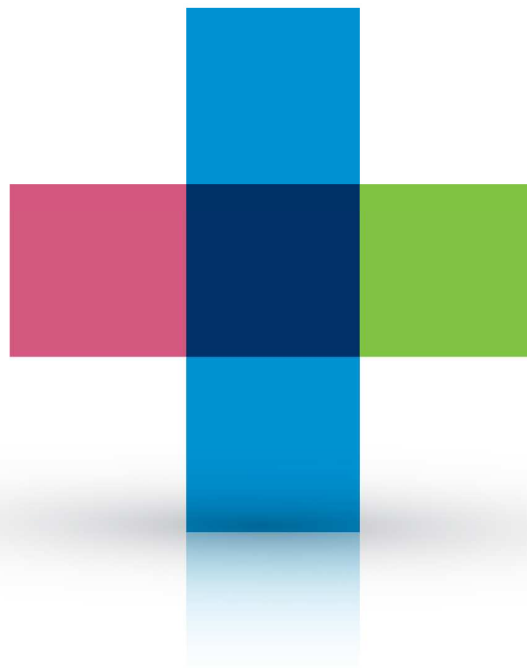# CCH iXBRL survey: One year on

White paper based on iXBRL survey results

Background to iXBRL

Before iXBRL

Up until April 2011, HMRC accepted electronic corporation tax returns using a combination of technologies. The tax return and its supplementary pages were submitted using XML while the accounts and the tax computation were attached to the main return as PDF documents.

These technologies are essentially the same as for self assessment personal tax returns, but there is a key difference between an individual and a corporation tax return. In the case of corporation tax returns, the accounts and the computation are legally part of the return. This is because the CT600 only shows the summary results and calculations; to interpret the CT600 properly requires the accounts and the computations.

Although PDFs are simple to create and can be read easily by human beings, the data they contain is not structured, so it's difficult for computers to extract information from them.

Solving the problem with iXBRL

XBRL – e**X**tensible **B**usiness **R**eporting **L**anguage – is a globally accepted standard for describing and exchanging business information. It was developed by an accountant working in Washington, USA, and the prototype was first demonstrated in December 1998.

Under XBRL, each piece of data is "tagged" to show what it represents (this year's turnover, the date of incorporation, the name of a director etc). Different collections of tags (called taxonomies) are used to describe different kinds of data.

Once data has been tagged like this it can be transferred easily between computer systems so it's ideal for collecting information from end users who have a wide variety of different computer systems. For example, since 2010, the Securities and Exchange Commission in the USA has been using XBRL to collect financial information from companies, a project which started in 2004.

iXBRL – **I**nline XBRL – is a development of XBRL in which the file containing the data can also be viewed using a web browser or other viewer adapted for this use, such as a word processor. This is a significant enhancement over plain XBRL – since exactly the same file is being read by computers and humans, errors can be spotted and corrected by agents and their clients before submission.

Following on from the 2006 report by Lord Carter of Coles on online services, HMRC decided to mandate the use of online filing in iXBRL format to collect corporate accounts and tax return data from April 2011.

A welcome change?

Not everyone in the accounting profession welcomed the introduction of iXBRL. In February 2011 the six main professional tax and accountancy bodies (AAT, ACCA, ATT, CIOT, ICAEW and ICAS) wrote a joint letter to the Exchequer Secretary to the Treasury expressing concern and urging a six month delay to making iXBRL filing mandatory. The government declined, with the Treasury Minister David Gauke, writing that "There will never be a perfect time to mandate filing in iXBRL."

It's clear that some in the profession still view mandatory online filing in iXBRL to be an unnecessary administrative burden which benefits HMRC at the expense of agents and their clients.

Others take a more positive view; they see online submission in the context of an increasingly paper-free office in which the process of preparing and approving accounts and tax returns is being automated and computerised wherever possible and in which client interfaces are increasingly electronic.

The CCH survey

It's against this background that in November 2011 CCH conducted an online survey of tax and accounting professionals, drawn from both professional firms and the world of commercial accounting.

At the time of writing, a total of 165 respondents had completed the survey. This paper contains a detailed analysis of their responses.

Profile of respondents

Out of a total of 165 respondents, **81%** (133) are accountants in practice and **19%** (32) are accountants working in businesses. Each group answered its own set of questions which are analysed separately.

Respondents were allowed to skip some questions, so the total number of responses for each question does not always add up to 133 or 32.

For some questions multiple answers were allowed so the total will exceed these figures; where this is the case the question is marked with an asterisk *.

Accountants in practice

Question 1: Approximately how many business entities does your practice produce final accounts for?

The arithmetic average of all responses was **317**; the median average was **250**. About **7%** of respondents produce accounts for 1,000 or more business entities, which includes sole traders, partnerships, private and public companies and similar.

Question 2: How do you tag these accounts? *

Although adding iXBRL tags is mandatory, there is a degree of choice about the method or methods used to do this.

The first, and one might argue, most "automated" approach, is to build all the necessary functionality into the accounts production software so that every set of accounts that is generated is automatically tagged at the point of creation (as, for example, in CCH Accounts Production). This approach was preferred by an overwhelming majority, with **84%** saying that their accounts were tagged this way.

Rather than tag the accounts as and when they're created, an alternative is to apply the tags to an existing set of accounts, for example one held in a spreadsheet or formatted using a word processor. Tools like CCH iXBRL Review & Tag can analyse Microsoft Excel and Word files and then automatically add iXBRL tags, with manual intervention where necessary – **16%** of respondents use tools like this. A further **20%** use a tool which requires them to add the tags manually or perform some other kind of spreadsheet conversion.

7% of respondents use the free HMRC service for converting uploaded files; **1%** (representing a single respondent) use a commercial service to convert uploaded files. Finally, **6%** outsource the activity to a third party.

At the moment, a lot of respondents clearly use more than one method of tagging, perhaps because different accounts have different levels of complexity or have historically been dealt with in different ways within the firm.

Question 3: Approximately how many clients provide their own final accounts for you to tag?

In answer to another survey question, several accounting firms said that they now offer a "tagging only" service for commercial firms that prepare their own final accounts. Whether this question reflects the success of such services, or whether these clients have always supplied their own final accounts, **20%** of respondents reported that ten or more clients did this.

That said, the vast majority – **63%** - said they had no clients in this category.

Question 4: How do you tag these accounts? *

When tagging accounts supplied by third parties, the order of popularity of the different methods was almost exactly the same as it was for accounts produced in-house (Question 2) although, as might be expected, post-production tagging is more popular.

64% of respondents re-enter the accounting data into their accounts production system in order to use its automatic tagging functionality; **22%** use an automated post-production tagging tool like CCH iXBRL Review & Tag; **29%** use a tool which requires them to add the tags manually or perform some other kind of spreadsheet conversion.

9% upload files for conversion and **7%** outsource the activity.

Question 5: Since the introduction of iXBRL have you changed or have you considered changing the method of tagging accounts?

Generally, practices are happy with their current iXBRL solution, **83%** of them saying that since the introduction of iXBRL they have not changed and have not considered changing their method of tagging accounts.

Question 6: What are your main reasons for making or considering this change? *

Among those that have changed, or have considered a change, top reasons are ease of use (**68%**), speed and cost (both **42%**) and the quality of tagging (**21%**).

It's no surprise to find that accountants value ease of use so highly. Above all they're looking for software systems that shield them from the technical complexities of iXBRL so that they can concentrate on preparing accounts and advising their clients. Anything that gets in the way of this is seen as a distraction.

Question 7: What percentage of company accounts are accepted at your first attempt to file them online?

Once a set of iXBRL accounts has been produced, the next step is to file it online.

The success rates for online filing reported by the survey respondents were generally good. Just over half (**52%**) report that their first attempts are accepted over 90% of the time and a further **20%** of first time filings are accepted between 80 and 90% of the time. That said, almost **5%** report a first time acceptance rate of less than 50%.

Question 8: Overall, how difficult has it been to implement iXBRL?

Despite initial concerns, the introduction of iXBRL has not been as difficult as many accountants clearly feared it would be.

Very difficult to implement	19%
Somewhat difficult to implement	38%
Fairly easy to implement	35%
Very easy to implement	8%

Amalgamating these results, a narrow majority (**57%**) reported that iXBRL had been either very difficult or somewhat difficult to implement, but a significant minority (**43%**) found this either fairly or very easy.

Question 9: Overall, what has been the effect of iXBRL in Year 1?

Responses to this question follow those of the previous question quite closely, although it's interesting to note that almost twice as many (**14%**) reported negligible disruption to the practice and its clients. Accountants have worked hard to implement iXBRL filing in such a way that it has had little direct impact on their clients and the answers to this question may indicate their success in this endeavour.

Considerable disruption to the practice and its clients	20%
Some disruption to the practice and its clients	38%
Only minor disruption to the practice and its clients	28%
Negligible disruption to the practice and clients	14%

Analysing the results by firm size (using the number of clients as a proxy), there were no significant differences across the group – larger firms were just as likely to find the implementation difficult and report disruption as smaller firms.

Comments

At this point it's worth including some of the individual quotes from respondents.

Many still resent the fact that iXBRL was imposed on them and they are clearly not convinced that it benefits either them or their clients:

> *"We resent the fact that the Revenue can impose a system and not itself provide the means to satisfy it by providing its own software."*

> *"An utter waste of everyone's time. If HMRC required specific items, they could be specifically requested on the CT600 etc. A total overkill for small businesses and dead time and money for practices."*

> *"iXBRL is a nightmare for smaller practices and businesses."*

> *"There has been a significant cost in money and time to my practice to implement iXBRL and for no benefit at all to me. This has just been another occasion of Government moving their costs onto businesses with no option but to comply, otherwise there are penalties in all directions. Fairness and helping businesses have gone in favour of a totalitarian style of officialdom."*

> *"A very big inconvenience to our practice and clients. Also a complete failure by HMRC to provide any assistance when we experienced problems. They showed that their organisation and staff where totally not interested and not fit for the purpose."*

A common complaint is that, precisely because clients have been shielded from the impact of iXBRL, they don't see any value in it themselves which makes it difficult for practices to defray their own extra costs:

> *"Despite the extra time taken to tag accounts in the first year, our clients do not see the difference in the products we provide to them and, as a result, it can be difficult to justify passing on the extra costs."*

> *"Very complex system, with little logic to it for no benefit to clients."*

> *"iXBRL does add considerably to the cost of completion and the submission of corporation tax returns. This is not always understood by clients who are advised by HMRC 'Don't worry about iXBRL – your accounting software will deal with it.' – not a particularly helpful or accurate comment!"*

> *"Overall, has impacted greatly on chargeable time and created losses on jobs due to the problems with online filing."*

People who write additional comments are often those with the strongest opinions, and it's fair to say that say that the majority of those who added comments reported negatively. That said, a number of respondents did voice a positive view of iXBRL:

> *"There has been a lot of hype regarding the extra time and cost practitioners would face as a result of iXBRL. In reality, after the initial learning curve, the amount of additional time spent is relatively small."*

> *"It has created a much more efficient and cost effective method of filing – no big padded envelopes being sent out in the post!"*

> *"I like it. The confirmation that HMRC have received the accounts and the return is a bonus. Also I have found that corporation tax refunds are dealt with quicker than under the old system."*

Question 10: Have you been able to offer any new services as a result of iXBRL?

The introduction of iXBRL had allowed **18%** of respondents to offer new services. All of those who left additional comments on this question said they were offering tagging to non-clients. They reported varying degrees of success in promoting this service.

Question 11: Within your practice, who tags accounts?

In the majority of firms (**61%**), tagging was considered a job for specialist staff, rather than something that everyone has become involved with. A number of sole practitioners pointed out that both answers amount to the same thing in their particular situation!

Question 12: What resources have you used to get answers to questions about iXBRL? *

By far the largest group (**64%**) relied on product specialists or support staff at their iXBRL software vendor. HMRC were the second most popular (**36%**), just ahead of specialist publishers of accounting and tax information, such as CCH, Lexis Nexis and Thomson Reuters (**33%**). **22%** said they asked colleagues.

Accountants in business

Question 1: How many entities do you produce final accounts for?

The arithmetic average of all responses was **24**; the median average was **17**. Over 17% of respondents produce final accounts for 50 or more entities.

Question 2: How do you tag these accounts? *

Whereas the overwhelming majority of practices use specialist accounts production software to tag their accounts, the majority of businesses (**50%**) use an automated or manual post-production tagging tool to apply the tags to an existing set of accounts, for example one held in a spreadsheet or formatted using a word processor. Tools like CCH iXBRL Review & Tag can analyse Microsoft Excel and Word files and then automatically add iXBRL tags, with manual intervention where necessary – **13%** of respondents use tools like this while **37%** use a tool which requires them to add all the tags manually. A further **37%** rely on their accounts production software to add tags.

Predictably, outsourcing is much more popular with businesses than with practices and **27%** outsource this activity a third party (such as their accountant). Only **3%** of respondents use the free HMRC service for converting uploaded files (representing a single respondent).

Question 3: What is your year end date? *

As might be expected, the most common year end date was 31 December (**69%**), meaning that many of the respondents were in the process of producing their first set of iXBRL accounts when completing the survey and the experience was no doubt fresh in their minds!

31 March (**31%**) and 30 September (**14%**) accounted for practically all other year end dates.

Question 4: Since the introduction of iXBRL have you changed or have you considered changing the method of tagging accounts?

A slightly higher proportion of businesses had considered making this change – **32%**, as against 17% of practices.

Question 5: What are your main reasons for making or considering this change? *

Among those businesses that have changed, or have considered a change, top reason by far was speed (**56%**) followed by ease of use (**33%**), indicating a slightly different set of priorities to accountants in practice.

Question 6: Overall, how difficult has it been to implement iXBRL?

With a relatively small sample size, it's difficult to draw firm conclusions from the results, but it is interesting to note that, in contrast to practices, not a single one of the business respondents considered iXBRL to be "very easy" to implement.

Very difficult to implement	33%
Somewhat difficult to implement	33%
Fairly easy to implement	33%
Very easy to implement	0%

Question 7: Overall, what has been the effect of iXBRL in Year 1?

Once again, businesses appear to have found iXBRL more disruptive than practices, 14% of whom reported negligible disruption to the practice and its clients.

Considerable disruption to business or the team	33%
Some disruption to the business or the team	45%
Only minor disruption to the business or the team	22%
Negligible disruption to the business or the team	0%

Comments

The individual comments from businesses reflect broadly similar views to those made by practices, with more negatives than positives:

> *"So far it's been a total waste of time but one day I assume HMRC will get some meaningful data out of it."*

> *"Error messages from Government Gateway when accounts are rejected are very vague. Not easy to ascertain what the problem is."*

> *"I've not yet been able to submit as I cannot resolve an 'Authentication Failure' error message. Still working with HMRC Helpdesk!"*

There were, however, a couple of more positive comments, including:

> *"Easier and cheaper than I thought it would be."*

> *"Overall, my software provider [CCH] appeared to be better prepared than HMRC."*

Question 8: What resources have you used to get answers to questions about iXBRL? *

Just like accountants in practice, those in business relied most on product specialists or support staff at their iXBRL software vendor (**54%**). HMRC were the second most popular (**46%**), with specialist publishers of accounting and tax information, such as CCH, Lexis Nexis and Thomson Reuters accounting for **21%** of enquiries. A further **14%** said they asked colleagues.

Conclusions

If there's one thing you can rely on in business, it's continual change, and perhaps nowhere is this truer than in the world of accounting and tax.

It is, for example, fifteen years since the introduction of the self-assessment tax regime with its annual challenge, the 31 January deadline. Just like mandatory online filing in iXBRL format, this isn't a change which the accounting profession asked for and it's probably not one that they really wanted but non-compliance is never an option for accountants.

Because there's no alternative, accountants have learnt to quick adapt to the latest laws and regulatory requirements, no matter what their personal opinion may be. iXBRL is no exception.

The majority of respondents to our survey are not yet convinced that iXBRL has brought much in the way of benefit to their companies or their clients. For this group, mandatory online filing in iXBRL is mainly viewed as an additional administrative burden so they're concentrating their efforts on finding the most efficient ways to perform the task. Ease of use, speed, cost effectiveness; good quality tagging and reliable filing is their main concerns.

It's clear, however, that a small number of respondents also see iXBRL as an opportunity. The basic administrative requirement remains the same, of course – producing tagged accounts and filing these online. Beyond this, however, iXBRL can be seen in the context of a workflow in which information is digitised earlier in the process and where electronic documents replace paper wherever possible. For this group, iXBRL solutions need to be part of an overall system of data capture and document management.

As iXBRL moves into its second year and beyond, let us hope that more accountants can be persuaded to join the second group and begin to explore the opportunities that iXBRL opens up.

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