



The Complete Guide To iXBRL in Ireland

What's happening, why and what do you need to do?

Revenue have decided to adopt iXBRL as its standard reporting format for financial statements, beginning with mandatory filings for businesses in the Large Cases Division this year. This guide provides detail on how the changes will affect your business, the rationale and most importantly what you need to do to prepare.

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The facts in this document were checked and verified as correct by Revenue.

What's happening?

In short, Revenue has adopted iXBRL as the standard reporting language for submitting financial statements. There will be a gradual transition until eventually all Irish corporation tax payers will submit their financial statements in iXBRL format. The changes begin to take effect in October of this year, starting with the Large Cases Division as these businesses are the only ones currently required to submit financial statements.

This change is the same one as was implemented in the UK on 1st April 2011, however where the UK went for a “big bang” approach, where everyone had to meet one mandatory compliance deadline all at once, Revenue is taking a gentler approach in an effort to avoid the chaos that happened in the UK as a result of the speed of the change. The biggest mistake made by UK tax payers was not doing any preparation for the change, something that we'll try and avoid here in Ireland!

The position of Revenue is to be very supportive during the roll out phase so there's no need to panic. If you act early and take advantage of the optional phase, you can get a “free go” with no additional cost, exposure or penalties for error.

Hold on a minute, what's iXBRL?

XBRL or Extensible Reporting Language is a special language that can be read easily by computers as opposed to people; it's meant to make analysis of information easier by enabling automated analysis and reporting to be done by computers where real people used to have to do all the hard graft.

If XBRL is the language then taxonomies are accents, there are different taxonomies that are used for specific countries and disciplines, such as Irish GAAP (Generally Accepted Accounting Principles) or Irish IFRS (International Financial Reporting Standards).

iXBRL is the people friendly version of XBRL or Extensible Reporting Language, it renders the complicated computer language back into something that you or I can easily read, whilst leaving the computer friendly coded language hidden behind what we are reading.

Practical Help

If you're struggling to get your head around this, open up a web page from the internet, any one will do! Use the right hand button on your mouse to click and select “view page source” from the little menu that appears. All that code that appears is HTML, another computer language that sits behind web pages making them work; you read the web page without seeing any of this complicated coding and iXBRL works in the exact same way, you read your version and the computer reads its version.

Here's XBRL and iXBRL in pictures, do you see the similarity between this and the web page example?

Pure XBRL language for the computer:

```
<table xmlns="http://www.w3.org/1999/xhtml" cellspacing="0" style="display: block; font-family: Arial, Helvetica, sans-serif;font-size: 10pt; color:#00A0A0;; background-color:#FFFFFF; border-style: solid;border-width: 1px;">
  <tr id="itag_name" style="DISPLAY: block">
    <td colspan="3">Other interest receivable and similar income</td></tr>
    <tr id="itag_context" style="DISPLAY: block">
      <td colspan="3">CY duration</td></tr>
      <tr id="itag_dimension" style="DISPLAY: block">
        <td colspan="3"></td></tr>
        <tr id="itag_value">
          <td style="DISPLAY: block">GBP</td>
          <td style="DISPLAY: block"><u>31,046,269.</u></td>
          <td style="DISPLAY: block"><span style="color:#FF8080;"></span><span style="color:#006000;">Credit</span> </td>
        </tr>
      </table>
    </span>
  </p>
</td>
<td style="border-top-color:#000000; border-top-style:solid; border-top- vertical-align:top; width:73.05pt">
  <p style="margin:0pt; text-align:right; widows:0; orphans:0">
    <span style="font-family:Arial; font-size:10pt">
      <span style="display:inline; visibility:visible;border-color:#A000A0;border-style: solid;border-width: 1px;">
        <ix:nonFraction name="ns3:OtherInterestReceivableSimilarIncome" contextRef="PY_x0020_duration" unitRef="GBP" decimals="0" scale="0"
format="ixt:numcommadot">25,380,668</ix:nonFraction>
      </span>
    </span>
  </td>
</tr>
</table>
```

iXBRL – easy to read for people and computers (the computer language is hidden behind the bits you can read):

North Finance Limited

Profit and loss account for the year ended 31 December 2011

	Note	12 months ended 31 December 2011	9 months ended 31 December 2010
		£	£
Interest receivable and similar income	2	31,046,269	25,380,668
		Other interest receivable and similar income	Other interest receivable and similar income
		CY duration	PY duration
		GBP 31,046,269.00 Credit	GBP 25,380,668.00 Credit
		(19,228,307)	(17,767,078)
Interest payable and similar charges		Interest payable and similar charges	Interest payable and similar charges
		CY duration	PY duration
		GBP 19,228,307.00 Debit	GBP 17,767,078.00 Debit

Why are the changes happening?

In order to understand the rationale behind what's happening, it's worth taking a look at what happens now:

At Revenue now

Picture the scene, thousands of sets of financial statements, millions of pages all in different formats and file types...there's no way to check what's in them apart from the hard way. It might be tough to feel any sympathy for the tax man, but confronted with checking all this stuff by hand you can at least appreciate the scale of the task at hand.



At Revenue with iXBRL

iXBRL will enable Revenue to automate a lot of the checks they currently perform by hand. The staff at Revenue currently waste a lot of time (both theirs and yours!) investigating “problems” that aren’t really there; they’ve just been suggested by the poor data that is currently available. iXBRL will enable accurate assessment of risk so Revenue spends its time on the right sets of accounts.

How will this help me in the future?

In the future, you may be able to use your iXBRL data everywhere, not just with Revenue. Imagine how easy it’ll be when you use just one set of financial information to create every report you need!

Ireland has the opportunity move towards Single Business Reporting, an initiative successfully rolled out in The Netherlands, Australia and New Zealand. If adopted you’d use the same data set to create reports for Revenue, CRO, CSO, Shareholder Annual Reports and anywhere else that it is needed.

Brian Boyle of Revenue says “I really hope people don’t just see iXBRL as a regulatory obligation; if you think of this as just a tax obligation, all benefit will be lost.” iXBRL represents a significant potential reduction in the compliance overhead for businesses in Ireland, eliminating fiddly repetitive data entry, spreadsheet merging and integration.

When are the changes happening?

Initially the filing of financial statements in iXBRL will be on an optional basis for Corporation Tax and Income Tax Payers but this will become mandatory in the future. The timing for mandatory iXBRL filing for all other Corporation Tax payers will be determined during 2013.

Who is required to submit financial statements in iXBRL format and when	
Commencement Date	Who
23 Nov 2012	Voluntary for all Corporation Tax payers
1 Jan 2013	Voluntary for all Income Tax payers
1 Oct 2013	Mandatory for all Corporation Tax Payers who are customers of Revenue's Large Cases Division

This is a window of opportunity

This change actually became a legal requirement in April 2012, Revenue is overlooking the mandate at the moment to work with Irish tax payers, giving them the opportunity to learn and make mistakes in a safe environment. Arkk Solutions are supporting the preparations with a free trial of its software, only available during the voluntary period.

Get moving now

It's never too soon to start thinking about how you're going to deal with the requirement. In the UK people didn't take the deadline seriously, a huge number of companies were caught unawares and it cost them a lot of money!

Revenue is here to help...at the moment!

During the voluntary phase there are no penalties and no repercussions to getting your submission wrong. Revenue is here to help you, no penalties, just friendly advice and support. Unfortunately nothing lasts forever and companies who don't act will be subject to the regular penalties and implications once the mandatory phase is established.

Lessons from the UK: What not to do

Don't assume Revenue aren't serious about iXBRL

In the UK, people assumed HMRC weren't really serious about mandating iXBRL. There were objections raised to its introduction and people made the mistake of assuming this meant the deadline would move or even that the whole initiative would be cancelled. The mandate was introduced on schedule and many businesses were left in a very awkward position!

Brian Boyle of Revenue has outlined his vision for Ireland, saying "we do not want that level of disconnect with reality happening here."

Don't pass responsibility around

Just because iXBRL can affect multiple people/teams within a business, don't fall into the trap passing responsibility back and forth within different teams and departments in the hope that someone else will deal with it. The correct approach is to form an iXBRL task force, representing all those affected and tackle the requirement, early and together.

Don't leave things until the last minute

UK tax payers ignored the assistance offered by HMRC to help prepare for iXBRL, believing as they did that the day would never come. This resulted in a colossal 22,000 errors on initial validation out of the 66,513 submitted during the first month.

Many UK companies reached the April 2011 mandating deadline without a concrete plan of how they were going to adopt iXBRL. This translated into crippling emergency/express outsourcing costs, poor decision making and a high error rate. Many companies are faced with starting again in-house when they should be enjoying the benefits of an easier 2nd year.

Don't ignore the benefits and future spread of iXBRL

UK companies saw iXBRL as a regulatory burden and were slow to realise any of the additional benefits; iXBRL is now being used to realise efficiencies in wider reporting (both to HMRC and Companies House) and applied to new areas such as carbon disclosure and COREP/FINREP. iXBRL has been shown to effect massive savings on the public and private sector compliance overhead in other countries and research by the University of Singapore based on 200,000 companies showed that iXBRL adoption reduced the cost of access to equity capital.

What do I need to do?

We've put together a Roadmap To iXBRL to help tax managers and accountants working for Large Cases Division businesses do everything they need to do in time to comply with the changes:



What are my options to produce iXBRL files?

Use Your Current Accounts Preparation Software

If you're already using an all-encompassing accounts preparation software, you might be one of the lucky ones whose system already has the capacity to produce iXBRL documents. Not all of them do and you'll need to check whether your system does or not; even if it does you need to make sure you learn how to use the tool in plenty of time as whilst the interface is familiar, the tags won't be.

Pros: If you work entirely within software that supports iXBRL and are already comfortable with the interface, this is a hassle free option.

Cons: As with any new process you need to allow for an adjustment and learning period if you are doing it yourself for the first time. If your software doesn't support iXBRL, it doesn't make sense to switch to one that does for this reason alone. It's expensive and disruptive! Also, if you are manually transposing information from your software to your financial statements in Word, Excel etc., then any iXBRL functionality in the software will be bypassed.

Use a Specialist iXBRL Tagging Software

If your accounts preparation software doesn't support iXBRL or you prepare your financial statements in PDF or Microsoft Word and/or Excel but you want to manage the process in-house then a specialist software is an option that may suit you.

Pros: Works along existing systems and some within existing interfaces that you are already comfortable with, cost effective with growing returns over time, easy to expand uses of iXBRL in the business and reap benefits of using it.

Cons: Requires initial learning and set up period, not a "last minute" solution.

Use a Third Party Outsourced Solution

If you haven't got the man power or time to produce these documents in-house, you might want to consider outsourcing the work.

Pros: Convenient, can be implemented at the last minute if you come unglued in your planning timetable.

Cons: Can be very expensive, especially if you choose a "Big 4" consultancy, provides an ongoing overhead with limited potential for reduction in costs or deriving the "extra value" benefits offered by iXBRL.

How do I decide which route to take?

Your decision has to be made based on the following factors:

Timeline

If you take Revenue's advice and prepare early for iXBRL then your range of options is complete. If you leave it until the absolute last minute you may find that your range of options becomes limited.

No matter what system you use to produce iXBRL in-house, there's always a period of adjustment and learning as you become familiar with the technology and tagging language or taxonomies which are new to everyone.

You'll find it hard, if not impossible, to free up enough time to learn this new way of working at the last minute and will be forced to outsource at significant cost to the business.

Budget

Most people have to justify their decisions in financial terms as well as the perceived usefulness of the product/service and so you should make sure you're clear what budget is available to help you meet the requirement and what that might stretch to in terms of a solution.

Existing Resources & Working Practices

It's essential that you and your team take a good look at what is available within the business to help you produce iXBRL documents. Your existing assets often point to the best solution for you.

Got bright sparks in your team who are up for learning something new? Keep it in-house and economical with some specialist software. Many in the UK took this as an opportunity to learn a valuable new skill that made them even more employable.

The other big thing to look at is how your team works already; aside from the budgetary considerations of system changes. Moving out of your old way of working into a totally new environment is a big undertaking requiring a proper degree of training and a period of adjustment that is often very disruptive. If you can, look for a solution that works within familiar programs, systems and ways of working that you are used to.

Keep yourself in the loop

Bookmark:

<http://www.revenue.ie/en/online/ros/ixbrl/>

<http://www.revenue.ie/en/online/ros/ixbrl/faqs.html>

<http://www.arkksolutions.com/our-blog>

<http://www.xbrl-ie.net/>

Request:

- [A free trial](#) of Arkk Solutions iXBRL software for Word and Excel
- [A free iXBRL consultation](#) with Arkk's resident iXBRL expert
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