

# XBRL <<<<<<<

By Kristine Brands, CMA

## Global XBRL Reporting Update

Global regulators and tax authorities continue to be a driving force for the adoption of eXtensible Business Reporting Language (XBRL). Several international regulators and tax authorities are also using Standard Business Reporting (SBR), an XBRL taxonomy that enables businesses to generate their required reporting information directly from their financial data and transmit it to the government. Government authorities understand the benefits of using this tool to streamline reporting processes and to reduce reporting costs for regulatory and tax reporting requirements. Let's take a look at several international initiatives that show the benefits of XBRL and SBR reporting in the U.K., the United Arab Emirates (UAE), and Australia.

### The U.K. Experience

On April 1, 2012, the U.K. marked the first anniversary of the HMRC's (Her Majesty's Revenue and Customs) Inline-XBRL (iXBRL) tax reporting mandate. iXBRL is the XBRL standard that displays a Web page using embedded XBRL tags that allow preparers to view the XBRL report being filed. The mandate requires all companies—private or limited—not-

for-profits, and charities to file their tax returns using iXBRL. The first year's experience was relatively smooth, but filers encountered challenges similar to those faced by U.S. filers complying with the Securities & Exchange Commission's (SEC) 2009 XBRL filing mandate. These included difficulty learning how to tag the data, data-tagging quality issues, and lack of experience working with the taxonomy (the dictionary defining the meaning of tax terms and the tags used for the filing).

The original iXBRL reporting mandate also included the U.K.'s Companies House, the agency responsible for incorporating and dissolving U.K. limited companies, examining and storing corporate information, and making corporate information available to the public. With more than two million listed companies—and that number is increasing at the rate of 10% annually—the agency originally planned to require all limited companies to use iXBRL for registration and reporting in 2013. Though the agency plans to become a fully digital registry as soon as possible, the mandate was changed to a voluntary program out of concern for the compliance

burden placed on smaller companies. Companies House is confident that they can meet their iXBRL report filing target goals through voluntary participation.

### The UAE Experience

The UAE is leading the way for XBRL reporting in the Middle East. In October 2011, the UAE's Emirates Securities and Commodities Authority (SCA) signed an agreement with the Abu Dhabi Stock Exchange (ADX) and the Dubai Financial Market (DFM) to implement an XBRL financial reporting system for all of its publicly listed companies. The project successfully completed a pilot phase in 2011, and it becomes mandatory in 2013. The XBRL system replaces a paper-based system that prevented UAE regulators and financial statement users from easily generating economic data from UAE public companies' financial statements. This also caused the country to be assigned a "frontier country" rating from the MSCI World stock index instead of an "emerging country" rating, which inhibited the country's ability to attract foreign investment and institutional investors. The improvement in availability, reliability, and comparability of finan-

cial data through standardized XBRL reporting is expected to resolve these issues and support the UAE's 2021 National Charter to make the UAE "one of the best countries in the world."

In addition to requiring XBRL-tagged financial statements, the UAE project includes an auditor's interface to validate XBRL tags used for the financial statements to ensure consistency between filers. Corporate actions and corporate governance reporting are also included in the filing requirements. The first UAE taxonomy will be based on the International Financial Reporting Standards (IFRS) XBRL taxonomy. The taxonomy will have Arabic and English labels, making it the first active use of Arabic labels by a capital markets regulator.

## The Australia Experience

For the past two years, Australia has benefitted from a voluntary XBRL SBR system that has streamlined business-to-government reporting. The Australian



Treasury coordinated the project that includes government agencies such as the Australian Taxation Office (ATO), the Australian Securities and Investments Commission (ASIC), state and territory government revenue offices, and the Australian Prudential Regulation Authority (APRA). They chose SBR to reduce the regulatory reporting burden on companies and to remove redundant and unnecessary information from government reporting forms. Statutory reports that can be filed include income tax statements, the business activity statement, and financial statements. A single-

sign-on portal is linked to the reporting required by the participating agencies. Software is used to pre-fill and validate the electronic forms.

The Australian SBR project cost A\$320 million and is projected to save businesses more than A\$800 million annually once it's fully implemented.

The power of streamlining Australia's regulatory reporting processes is also shown in the 70% reduction of the number of unique data elements that companies need to report and analyze from 9,648 to 2,838.

These projects show that XBRL and SBR reporting reduce the cost of compliance for business-to-government reporting in terms of time and money. Future columns will focus on how you can implement XBRL to streamline your company's business processes. **SF**

*Kristine Brands, CMA, is an assistant professor at Regis University in Colorado Springs, Colo., and is a member of IMA's Pikes Peak Chapter. You can reach her at [kbrands@yahoo.com](mailto:kbrands@yahoo.com).*