
IFRS Taxonomy Consultative Group (ITCG) meeting

Date	3 December 2024
Project	Digital Financial Reporting
Topic	Update on taxonomy workplan
Contacts	Juliane-Rebecca Upmeier (jrupmeier@ifrs.org) Vivek Baid (vbaid@ifrs.org) Jatin Garach (jgarach@ifrs.org) Kenny Ng (kenny.ng@ifrs.org) Tim Kasim (tkasim@ifrs.org)

This paper has been prepared for discussion at a public meeting of the ITCG. This paper does not represent the views of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), or any individual IASB or ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards or IFRS Sustainability Disclosure Standards.

Purpose of this session

To provide ITCG members with an update and opportunity to comment on:

- Updates to the IFRS Accounting Taxonomy 2024 to reflect new and amended standards (specifically IFRS 18, IFRS 19 and *Power purchase agreements*)
- The IFRS Accounting Taxonomy workplan for future taxonomy updates
- The ISSB's digital financial reporting activities

Updates to the IFRS Accounting Taxonomy 2024 to reflect new and amended standards



IFRS 18 *Presentation and Disclosure in Financial Statements*

At the November 2024 IASB meeting, the IASB discussed potential refinements to the proposed modelling in the [Proposed IFRS Taxonomy Update 1 IFRS 18 Presentation and Disclosure in Financial Statements](#)

The potential refinements relate to the proposed modelling for:

- the disclosures on management-defined performance measures ([Agenda Paper 25A of the November 2024 IASB meeting](#)); and
- the statement of profit or loss and the disclosures on specified expenses by nature ([Agenda Paper 25B of the November 2025 IASB meeting](#))

IFRS 18 - category metadata

Fieldwork showed category metadata could make category information easy to access, and some ITCG members supported its introduction in IFRS Taxonomies

We worked to try to incorporate it in the taxonomy update for IFRS 18 however encountered challenges

Our plan is to finalise the taxonomy update for IFRS 18 without category metadata and seek to incorporate it through future General Improvements and Technology Update

We welcome ITCG feedback on how to solve the issue we encountered – see next slide

Metadata – issues upon further analysis

What are we trying to achieve?

Make it easy to find, for each category in P&L, which expenses and income are **presented** in the category

How could we do it?

Link each element in P&L ELR to category in P&L using arcrole mechanism

What are the challenges?

If we link all P&L **elements** to categories in the taxonomy, to achieve objective:

- preparers would need to add category metadata to any extensions; and
- we would need to distinguishing elements used by a preparer for presentation from those used for disclosure in the notes, which we cannot do on taxonomy level

If, alternatively, we ask for the individual **facts** (reported information) on the P&L to be linked to categories:

- we would be unable to provide category metadata in the taxonomy itself, meaning preparers would need to add category metadata to all their facts on the P&L, including elements that already have category label; and
- we would need to do further research on the exact XBRL mechanism to use

The way forward

We do not have enough time to find the solution, test it and finalise for inclusion in taxonomy update for IFRS 18 to be published in March 2025

We will continue analysis and plan to test potential solution during next General Improvements and Technology Update project

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

- **IFRS 19 includes** disclosure requirements that are a **reduced** version of those set out in other IFRS Accounting Standards
- Taxonomy proposals relating to IFRS 19:

Disclosure requirements in IFRS 19	Proposed taxonomy modelling
Disclosure requirements drawn from requirements in other IFRS Accounting Standards	Adding references to IFRS 19 to existing elements in their current locations in the IFRS Accounting Taxonomy
Disclosure requirements in other IFRS Accounting Standards that remain applicable and that are specified in IFRS 19 by cross-reference	NOT adding references to IFRS 19 to existing elements in the IFRS Accounting Taxonomy
Disclosure requirements that are specific to IFRS 19 and their related requirements drawn from other IFRS Accounting Standards	Creating new elements and including these new elements and any related existing elements in a new presentation group for IFRS 19

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

1. Disclosure requirements drawn from requirements in other IFRS Accounting Standards

- Adding references to IFRS 19 to existing elements in their current locations in the IFRS Accounting Taxonomy. For example, for IAS 2:

36 The financial statements shall disclose:

- (a) the accounting policies adopted in measuring inventories, including the cost formula used;
- (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;
- ✘ (c) the carrying amount of inventories carried at fair value less costs to sell;
- (d) the amount of inventories recognised as an expense during the period;
- (e) the amount of any write-down of inventories recognised as an expense during the period with **paragraph 34**;
- (f) the amount of any reversal of any write-down that is recognised as inventories recognised as expense in the period in accordance with **paragraph 34**;
- ✘ (g) the circumstances or events that led to the reversal of a write-down of inventories recognised as expense in the period in accordance with **paragraph 34**; and
- (h) the carrying amount of inventories pledged as security for liabilities



Element label	Reference
Description of inventory cost formulas	IAS 2.36(a), IFRS 19.164(a)
Inventory cost formulas, categorical	IAS 2.36(a), IFRS 19.164(a)
Inventories, at fair value less costs to sell	IAS 2.36(c)
Cost of inventories recognised as expense during the period	IAS 2.36(d) , IFRS 19.164(c)
Inventory write-down	IAS 2.36(e), IFRS 19.164(d)
Reversal of inventory write-down	IAS 2.36(f), IFRS 19.164(e)
Description of circumstances leading to reversals of inventory write-down	IAS 2.36(g)
Inventories pledged as security for liabilities	IAS 2.36(h), IFRS 19.164(f)

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

2. Disclosure requirements in other IFRS Accounting Standards that remain applicable and are specified in IFRS 19 by cross-reference

- To **NOT add references** to IFRS 19 to existing elements in the IFRS Accounting Taxonomy
- To apply such requirements in IFRS 19, an entity would need to refer to the cross-referenced paragraphs so references are not needed
- Having Taxonomy elements that only refer to the paragraphs of underlying IFRS Accounting Standards is consistent with the drafting approach used in IFRS 19 and sufficient to facilitate the appropriate use of the Taxonomy when applying the Standard
- Example - NO reference to IFRS 19 would be added to elements relating to paragraph 47 of IFRS 16

IFRS 16 *Leases*

...

Disclosure requirements in IFRS 16 that remain applicable

127 A lessee shall apply the disclosure requirements in paragraph 47 of IFRS 16.

IFRS 19—Feedback received

- We received 1 comment letter, relating specifically to the modelling approach described in slides 7–9 as well as ITCG feedback from the October 2024 ITCG meeting

Comment letter feedback

- The stakeholder noted that including references to IFRS 19 for some elements but not others could lead to confusion due to the need for significant interpretation and inadequate assistance for issuers understanding IFRS 19's requirements
- To address these concerns, the stakeholder suggested either adopting a comprehensive approach to referencing or using a meta-model approach to better capture IFRS 19 requirements

Feedback from the ITCG

- At the October 2024 ITCG meeting, one suggestion was to include a different reference type, that acts as a guidance reference, to help entities understand which elements can be used to tag disclosures in accordance with IFRS 19

IFRS 19—Staff analysis

- The purpose of references in the IFRS Accounting Taxonomy is to link elements to related authoritative text in the IFRS Standards. References are:
 - added for paragraphs where requirements are fully described and not to those that include requirements by cross-reference
 - not intended to be used as a disclosure checklist, or act as a mechanism to understand the reduced disclosure requirements in IFRS 19
- We acknowledge that omission of references for some elements could lead to the misinterpretation of their applicability to IFRS 19, if one were to use taxonomy as disclosure checklist for IFRS 19 requirements. However, the proposed approach would only affect approximately 50 elements in the Taxonomy
- To mitigate this risk, we plan to include guidance in the Preparer’s Guide to explain that entities applying IFRS 19 should use all relevant elements, and not only those with IFRS 19 references
- We recommend finalising the proposed approach to adding references described in slide 5 and explore the possibility of introducing a new reference type for cross-referenced disclosure requirements in future taxonomy improvements

Power purchase agreements—Feedback

- We received three comment letters from stakeholders in Africa and International. Broadly the respondents were supportive of the proposals in the PTU with specific comments and suggestions
- One respondent suggested that the IASB should:
 - ensure that the documentation labels are updated to reflect any changes to the proposed disclosure requirements; and
 - provide further guidance to clarify the application of these elements
- We plan to update the element labels and documentation labels to reflect the changes to the proposed disclosure requirements
- However, we do not plan to provide additional guidance on the application of these elements. In our view, the element label, read with the documentation label is sufficient to understand the purpose of the elements

Power purchase agreements—Changes to proposed requirements

Change in terminology

- Term "contracts for renewable electricity" replaced with "nature-dependent electricity contracts" (NDE contracts) for clarity

Scope of disclosure requirements

- Limited to NDE contracts:
 - As executory contracts under own-use amendments
 - In hedging relationships as hedging instruments
- Excludes NDE contracts for the delivery of electricity

Power purchase agreements—NDE contracts accounted for as executory contracts

Disclosure of:	IASB tentatively decided to require:	Taxonomy modelling implications:
Terms and conditions	Disclosure of T&Cs that expose entity to: <ul style="list-style-type: none"> • variability of contracted amount of electricity; and • risk of over-supply of electricity 	We plan to retain the text block element and amend the labels to reflect the amended disclosure requirements
Expected electricity purchases or fair value information	Disclosure of: <ul style="list-style-type: none"> • the aggregated expected cash flows from buying electricity under NDE contracts accounted for as executory contracts; and • qualitative information about how it assesses whether these contracts might become onerous 	We plan to: <ul style="list-style-type: none"> • keep the proposed table structure, disaggregated by time bands and add a monetary element to reflect the expected cash flows; and • add a text element to reflect the information disclosed on how an entity assesses whether these contracts might become onerous
Effect of NDE contracts on financial performance	Disclosure of qualitative and quantitative information about how the entity determined that it remained a net-purchaser; including cash flows, relating to purchase and sales of nature-dependent electricity	We plan to create separate monetary elements for each distinct item of numerical information

Power purchase agreements—NDE contracts designated as a hedging instrument

- IASB tentatively decided to clarify that for NDE contracts designated as a hedging instrument an entity would satisfy the proposed requirement to disclose information about the contracts' terms and conditions by disaggregating the information required to be disclosed by paragraph 23A of IFRS 7
- There is an existing tabular structure to reflect the disclosure requirements of paragraph 23A of IFRS 7
- We plan to add one member to this tabular structure to reflect these NDE contracts designated as hedging instruments

Element label	ET	ER	Reference
Table text block			
Disclosure of information about terms and conditions of hedging instruments and how they affect future cash flows	TB	D	IFRS 7.23A, <u>IFRS 7.30B</u>
Axis and members			
Hedging instruments (A)		D	IFRS 7.23A IFRS 7.24A
Hedging instruments (DM)		D	IFRS 7.23A IFRS 7.24A
Contracts referencing nature-dependent electricity (M)		D	IFRS 7.30B, IFRS 19.64B

Question for ITCG members

1. Do you have any questions or comments relating to the IASB's digital financial reporting activities? (Slides 4–15)?

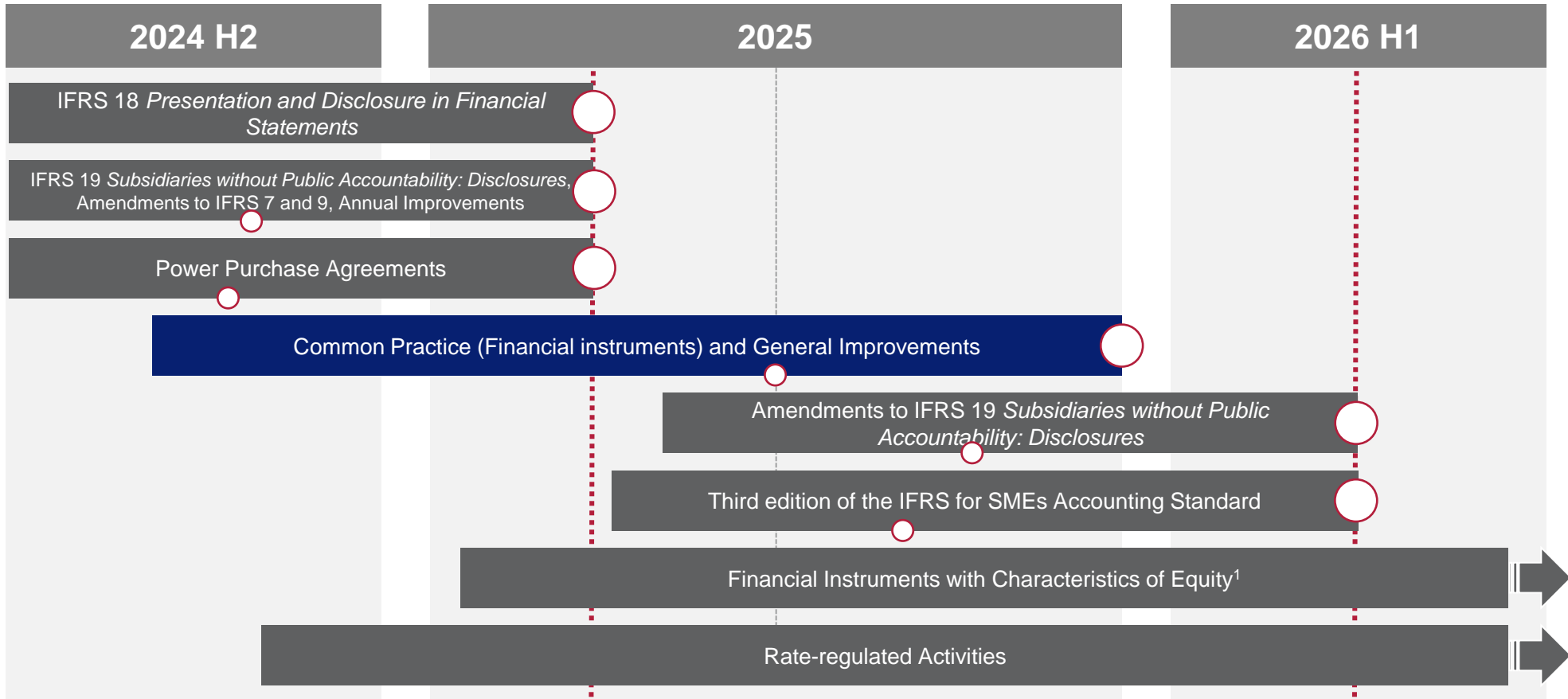
Update on the IFRS Accounting Taxonomy work plan



New/amended IFRS Accounting Standards	○ Final Taxonomy Update
Common Practice/General Improvements	○ Proposed Taxonomy Update
	⋮ Annual IFRS Accounting Taxonomy

IFRS Accounting Taxonomy workplan

Current



Future

- Business Combinations – Disclosures, Goodwill and Impairment
- Equity Method
- Dynamic Risk Management
- Provisions— Targeted Improvements (IAS 37)
- Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity

¹ The IASB might publish a separate amendment covering only presentation and disclosure in 2025, for which we might have a related Taxonomy project in 2025.

Rate-regulated Activities

Objective

- Provide information about the effects of regulatory income, regulatory expense, regulatory assets and regulatory liabilities on companies' financial performance and financial position

Proposals

- In some cases, rate regulation creates differences in timing that arise when compensation for goods or services supplied in one period is included in the regulated rate charged in a different period
- Reflect compensation for goods or services in the period goods or services are supplied
- Require recognition of regulatory assets, regulatory liabilities, regulatory income and regulatory expense

Next milestone

- Issue IFRS Accounting Standard – expected end of H2 2025
- Effective date 1 January 2029, with early application permitted
- **Due to planned year-end publication of the Standard, we plan to issue PTU in H1 2026, meaning it will only be ready for annual taxonomy 2027 and not for 2026**

Due to the planned year-end 2025 issuance of the Standard, the taxonomy updates are not expected to be available for the annual taxonomy update in March 2026.

PIR of IFRS 16—*Leases*

Objective

- Assess whether the effects of applying IFRS 16 on users of financial statements, preparers, auditors and regulators are as intended when the Standard was issued

Project plan

- Outreach with the IASB's consultative groups and other stakeholders to help inform a request for information
- Review of academic research and other materials (for example, enforcement decisions)
- Consideration of market developments since IFRS 16 was issued
- Review of the findings of the FASB's PIR of Topic 842 Leases

Next milestone

- The IASB expects to publish the request for information in H1 2025

Did ITCG members observe any matters in digital reporting of information about leases that maybe useful:

- for the IASB to explore as part of its Request for Information on implementation of Leases; or
- for taxonomy team to focus during future common practice review?

Climate-related and Other Uncertainties in the Financial Statements

Objective

- To explore targeted actions to improve the reporting of the effects of climate-related and other uncertainties in the financial statements

Areas of focus

- Improve application of IFRS Accounting Standards, including by **developing illustrative examples**
- Explore targeted amendments to improve disclosures about estimates in the financial statements
- Explain the objective and scope of financial statements
- Raise awareness of the requirements in IFRS Accounting Standards
- Work with the ISSB to ensure the work of both Boards is connected

Next milestone

- Comment period for the [Exposure Draft Climate-related and Other Uncertainties in the Financial Statements](#) closes on 28 November 2024

This project may not give rise to taxonomy updates. We plan to review illustrative examples developed as result of the project and assess, applying taxonomy policy for illustrative examples, whether any new elements are needed. Elements would be needed for illustrative disclosures that are expected to represent normative practice.

Management Commentary

Objective

- Overhaul IFRS Practice Statement 1 to provide a comprehensive resource for regulators and companies
- Respond to demand for better information about the factors that have affected or could affect a company's ability to create value and generate cash flows
- Provide a **stepping-stone** towards greater integration in reporting in the future

Approach

- Targeted refinements to proposals in Exposure Draft
- Codify innovations in reporting, including Integrated Reporting concepts, in a set of standard-like requirements
- Support connectivity between a company's management commentary and both its financial statements and sustainability disclosures
- Collaborate with the ISSB

Next milestone

- Revised Practice Statement expected to be issued in H1 2025

Timing of the taxonomy for Revised Practice Statement is yet to be decided.

ISSB's digital financial reporting activities



Highlights on ISSB's digital financial reporting activities

- Supporting the use of the ISSB Taxonomy
 - Jurisdictions considering ISSB Standards are also increasingly considering ISSB Taxonomy (for example, South Africa permitting voluntary tagging using the ISSB Taxonomy)
 - The importance of digital financial reporting is highlighted in the 2024 status report on [Progress on Corporate Climate-related Disclosures](#)
- Updated SASB Taxonomy was published in October 2024 (access [here](#))
- Work on supporting digital interoperability with ESRS Taxonomy commencing (see Slide 25)

Access the annual IFRS Sustainability Disclosure Taxonomy

The eXtensible Business Reporting Language (XBRL[®]) is used to represent and deliver the annual IFRS Sustainability Disclosure Taxonomy content. The technical IFRS Sustainability Disclosure Taxonomy files can be downloaded and viewed with XBRL-enabled software and tools.

The following links provide access to the XBRL files, and the *IFRS Taxonomy Illustrated* in PDF.

IFRS Sustainability Disclosure Taxonomy 2024

[Click here to access the IFRS Sustainability Disclosure Taxonomy 2024](#)

Updates to the SASB Standards Taxonomy

The SASB Standards Taxonomy is updated regularly to reflect new or amended

XBRL[®] is used to represent and deliver SASB Standards Taxonomy content.

[Access the SASB Standards Taxonomy.](#)

Progress on Corporate Climate-related Disclosures—2024 Report



Digital interoperability with ESRS Taxonomy

- The ISSB discussed embedding interoperability into its ongoing activities and the focus on digital reporting is to complement the work undertaken on the interoperability between ISSB Standards and ESRS (see [AP2A of the July 2024 ISSB meeting](#))
- Digital reporting can play an important role to help ensure **ISSB disclosures can be clearly identified and not obscured** by additional information provided to meet ESRS requirements
- To facilitate digital interoperability, it is critical that interoperable disclosure requirements are **modelled in the same way** in the digital taxonomies (for example, same level of granularity)
 - ISSB made specific changes in the ISSB Taxonomy to improve interoperability
 - EFRAG made specific changes in the ESRS Taxonomy to improve interoperability
- ISSB Staff and EFRAG Secretariat have started preliminary work to explore next steps

Question for ITCG members

2. Do you have any questions or comments relating to the ISSB's digital financial reporting activities (Slides 24–25)?

Follow us online

 ifrs.org

 IFRS Foundation

 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 International Accounting Standards Board

 IFRS Foundation

 International Sustainability Standards Board