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## IFRS Taxonomy Consultative Group (ITCG) meeting

**Date** 30 September 2024

**Project** Preparer's guide

**Topic** Updating the IFRS Taxonomy Preparer's guide

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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<sup>®</sup> Accounting Standards or IFRS Sustainability Disclosure Standards.

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# Background

- In 2019, the IFRS Foundation published *Using the IFRS Taxonomy—A preparer's guide* ('Preparer's guide')
- The purpose of the Preparer's guide is to help preparers understand the content of IFRS Taxonomy (Slide 6–7 provide an outline of the Preparer's guide)
- In addition to the Preparer's guide, the IFRS Foundation has also published other Taxonomy guides to aid understanding and use of IFRS digital taxonomies. These guides include:
  - Regulator's guide (recently updated in August 2024): *Using the IFRS digital taxonomies—A guide for regulators implementing the IFRS digital taxonomies in a digital filing system*
  - Architecture guide: *Using the IFRS Taxonomy—The Taxonomy architecture*

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## Reasons to update the Preparer's guide

- Take stock and consolidate learnings from the use of the IFRS Accounting Taxonomy globally by preparers and other stakeholders in the past few years
- Support preparers' readiness to use IFRS Sustainability Disclosure Taxonomy (ISSB Taxonomy). In response to the ISSB Taxonomy consultation, some stakeholders said such support is important to facilitate implementation of the ISSB Taxonomy
- Provide guidance on recent changes and improvements to IFRS digital taxonomies. For example, it can be helpful to add guidance on topics including:
  - Categorical elements
  - Tagging of narrative disclosures
  - Using guidance labels (commentary guidance) in IFRS digital taxonomies

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## Next steps

- Staff plan to undertake further research to better understand any market gaps and identify the scope of our plan to update the Preparer's guide. We plan to undertake research including:
  - Review of tagging manuals provided by regulators and other guides/manuals
  - Identifying evidence of common errors in digital financial reports prepared using the IFRS Accounting Taxonomy
  - Discussion with preparers (including tagging agents), investors and regulators about challenges faced in tagging or using tagged information
- We plan to report back the outcome of this research to ITCG in future

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## Questions

1. Do ITCG members have any comments or questions on research activities that staff plan to undertake to inform our plan to update the Preparer's guide?
2. Do ITCG members have any initial thoughts on potential topics:
  - a) included in the Preparer's guide that staff should consider updating or revising?
  - b) not included in the Preparer's guide that staff should consider adding?
3. Do ITCG members have any other comments or questions on our plan to update the Preparer's guide?

## Appendix–Outline of the Preparer’s guide\* (1/2)

Section	Purpose
1. Getting started	<ul style="list-style-type: none"> <li>• Introduction</li> </ul>
2. IFRS Taxonomy elements	<ul style="list-style-type: none"> <li>• Explains how a preparer can use different elements (eg line items, axes, members) in IFRS Taxonomy to tag disclosures</li> <li>• Sets out the principle that an extension element should not be created when an appropriate element already exists in IFRS Taxonomy. This is intended to help ensure comparability and usability of digital reports</li> </ul>
3. Understanding the accounting meaning of an IFRS Taxonomy element	<ul style="list-style-type: none"> <li>• Explains how preparers can understand the accounting meaning of an element in IFRS Taxonomy</li> <li>• Explains the content of IFRS Taxonomy (eg element labels, documentation labels, references to IFRS Standards)</li> </ul>
4. Finding the correct element within IFRS Taxonomy	<ul style="list-style-type: none"> <li>• Explains how IFRS Taxonomy presentation can help preparers navigate the taxonomy, and that it is not intended to describe strict accounting meanings (eg elements might be included in another presentation group)</li> </ul>

\*The Preparer’s guide was developed prior to publishing of ISSB Taxonomy. We intend to update the guide to reflect this publication.

## Appendix–Outline of the Preparer’s guide\* (2/2)

Section	Purpose
5. Reporting negative values for IFRS Taxonomy elements	<ul style="list-style-type: none"> <li>Explains how to correctly tag negative values</li> <li>Explains the function of negated labels included in IFRS Taxonomy</li> </ul>
6. Tagging specific values using IFRS Taxonomy	<ul style="list-style-type: none"> <li>Explains how to use elements included in IFRS Taxonomy to report specific values (eg range, time band, cross-references)</li> </ul>
7. Use of IFRS Taxonomy by a filing system owner	<ul style="list-style-type: none"> <li>Explains how IFRS Taxonomy could be used by a filing system owner or regulator</li> </ul>
8. Communicating entity-specific information using IFRS Taxonomy	<ul style="list-style-type: none"> <li>Explains how to use IFRS Taxonomy content to make entity-specific information more easily accessible (including linking an extension element to a related element defined in IFRS Taxonomy, for example anchoring)</li> </ul>

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