
IFRS Taxonomy Consultative Group

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This document summarises the discussions in a meeting of the IFRS Taxonomy Consultative Group (ITCG), an expert consultative group that advises the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB) on their respective digital taxonomies and related activities. Related papers and recordings of the meeting are available on the [meeting page](#).

Meeting summary

The IFRS Taxonomy Consultative Group (ITCG) met on 30 September–1 October 2024 (most members attended in person).

ITCG members discussed:

- an updated approach for maintaining the IFRS Formula Linkbase (paragraphs 1–4);
- a plan for updating the IFRS Taxonomy *Preparer's Guide* (paragraphs 5–6);
- updates to the SASB Standards Taxonomy (paragraph 7);
- findings from the fieldwork for IFRS Accounting Taxonomy 2024 Proposed Update 1—*IFRS 18* Presentation and Disclosure in Financial Statements and feedback from comment letters (paragraphs 8–13);
- forthcoming updates to the IFRS Accounting Taxonomy (paragraphs 14–15); and
- taxonomy modelling policies (paragraphs 16–25);

ITCG members also discussed the following items presented by various ITCG members, appointed observers and guests:

- the quality and comparability of ESEF¹/UKSEF² digital financial statements (paragraph 26);
- assurance requirements for ESEF filings (paragraph 27);
- the work of the US Data Quality Committee (US DQC) (paragraph 28);
- current challenges and possible future developments in Inline XBRL block tagging (paragraph 29); and
- an update on the European Securities and Markets Authority's (ESMA) digital reporting activities (paragraph 30).

¹ European Single Electronic Format

² UK Single Electronic Format

IFRS Accounting Taxonomy—Evaluating the IFRS Formula Linkbase (Agenda Paper 4)

1. The staff sought feedback on the updated approach for maintenance of the IFRS Formula Linkbase. To address stakeholder needs, the IFRS taxonomy team will begin updating the IFRS Formula Linkbase on a three-to-four-year cycle and provide an Excel-based solution with business validation rules during the interim periods.
2. ITCG members raised concerns about using Excel for implementation. One ITCG member expressed concerns on the inability to consume Excel files automatically and the vagueness of business rules. A baseline formula linkbase with pluggable content in Excel was suggested for better automation.
3. Opinions varied on the current validation rules' effectiveness in ensuring accuracy and quality of financial reports. Some members suggested embedding detailed information within the IFRS Taxonomy to reduce reliance on Excel documents, simplify access and reduce reliance on separate validation processes. Others suggested validation should be a concern addressed by regulators rather than by the IFRS Foundation.
4. For enhancing data quality, ITCG members suggested:
 - (a) defining clear rules for digital data and illustrating these rules with examples;
 - (b) using a straightforward syntax (XULE, XF) instead of XBRL Formula Linkbase;
 - (c) ensuring rules and standards are accessible and understandable for all stakeholders; and
 - (d) sharing technology and collaborating for consistency across jurisdictions.

Updating the IFRS Taxonomy Preparers' Guide (Agenda Paper 5)

5. ITCG members welcomed the staff's plan to update the IFRS Taxonomy *Preparer's Guide*. Some ITCG members noted that the *Preparer's Guide* is helpful for preparers.
6. ITCG members suggested that when the taxonomy team updates the *Guide*, it should:
 - (a) consider different target audiences' needs, for example, by including making the content more understandable to preparers unfamiliar with the IFRS digital taxonomies;
 - (b) expand the guidance relating to common errors found in digital financial reports (e.g. signage errors); and
 - (c) expand the number of examples that illustrate tagging using elements from the IFRS digital taxonomies, including adding some examples provided by the IFRS Foundation elsewhere (for example, in ITCG slides or in taxonomy update documents).

SASB Standards Taxonomy Update (Agenda Paper 7)

7. The ITCG discussed the planned update to the SASB Standards Taxonomy, which will reflect ISSB amendments issued in 2023. This update reflects:
 - (a) amendments to the SASB Standards issued in June 2023 in connection with the issuance of IFRS S2 *Climate-related Disclosures*;
 - (b) amendments to the SASB Standards issued in December 2023 in connection with the project on the international applicability of the SASB Standards; and

- (c) broad improvements to ensure the design of the SASB Standards Taxonomy is consistent with the IFRS digital taxonomies architecture.

IFRS Accounting Taxonomy Update—IFRS 18 (Agenda Paper 8)

- 8. The staff shared findings from fieldwork and feedback from comment letters. The staff also sought advice from ITCG members regarding possible changes to some proposals.

Management-defined performance measures (MPMs)

- 9. Some ITCG members expressed concerns about the complexity of the proposed modelling and data quality issues that might result. Some ITCG members suggested that the IASB:
 - (a) provide more specific guidance for preparers if the IASB were to proceed with the proposed modelling;
 - (b) consider the suggested alternate to the proposed modelling as it was more like the MPM reconciliation table itself and therefore might be easier for preparers to apply; and
 - (c) spend time exploring alternatives instead of proceeding with the current proposals because companies are unlikely to adopt IFRS 18 *Presentation and Disclosure in Financial Statements* before 2025.
- 10. ITCG members discussed whether individually tagging each amount in an MPM reconciliation would provide users with useful information. One ITCG member said that having individual tags was important, not only for validation purposes, but also because it would enable users to understand which line items in the statement of profit or loss are adjusted.

Specified expenses by nature

- 11. ITCG members did not comment on the possible changes to the proposals.

Statement of profit or loss

- 12. Some ITCG members agreed that guidance labels for elements labelled 'total' are helpful for preparers. One member, however, said that the proposed guidance labels have limitations; specifically, ESEF-preparers are required to use the element with 'the closest accounting meaning' to tag an amount (where, in some cases, they would potentially ignore the guidance label and use an element labelled 'total' to tag the statement of profit or loss).
- 13. One member said that anchoring plays an important role in making extension elements more understandable and therefore, this person said, more 'category elements' should be added to facilitate anchoring for extension elements.

IFRS Accounting Taxonomy Updates (Agenda Paper 9)

- 14. The staff provided an update on proposed updates to IFRS Accounting Taxonomy for:
 - (a) *Contracts for Renewable Electricity*; and
 - (b) IFRS 19 *Subsidiaries without Public Accountability: Disclosures, Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7), and *Annual Improvements to IFRS Accounting Standards—Volume 11*.
- 15. For the proposed modelling of IFRS 19 disclosure requirements, some ITCG members commented on the use of references within the Taxonomy and suggested providing more guidance on the purpose and use of references.

Modelling policies for the IFRS digital taxonomies (Agenda Paper 12)

16. The staff sought feedback from ITCG members on taxonomy modelling policies. ITCG members were allocated to separate breakout sessions to discuss questions relating to:
 - (a) numerical information (Breakout Group 1);
 - (b) narrative information (Breakout Group 2); and
 - (c) relational or structural information (Breakout Group 3).
17. Overall, ITCG members supported documenting taxonomy modelling policies and expressed how useful the modelling policies would be in understanding how the IFRS digital taxonomies are maintained.

Policies relating to numerical information

18. In the breakout session, ITCG members discussed how to model numerical data points. Members generally agreed that distinct elements should be created for each numerical data points (including both monetary and non-monetary items), including cases when concepts—like financial guarantee contracts—may be reported using different accounting policies under different IFRS Standards. Members generally agreed it was better to not create separate elements in these cases but to ensure there was another mechanism to explain the measurement basis for the concept.
19. ITCG members agreed that users need to understand whether an item has been presented in the primary financial statements or disclosed in the notes, although they said this distinction should not be made by creating separate elements for the primary financial statements and for the notes.
20. One ITCG member suggested a numerical element should link with any other disclosures that might provide more context to that element—which would make the data collection process more efficient.

Policies relating to narrative information

21. ITCG members discussed identifying and tagging narrative information, including identifying the appropriate level of granularity for tagging hierarchical narrative information, ensuring users can easily locate and analyse information with sufficient context. Members agreed that finding the optimum level of context for all users was challenging.
22. Members discussed how narrative elements help users know whether a document contains specific content, identify the location of information and extract the details of that information. Lastly, the group discussed using AI and similar tools to perform effective analysis on the information and surrounding context.
23. Members agreed that categorical elements could aid the clarity and accessibility of narrative information and that these elements should be modelled in cases when it is sensible to use Boolean and extensible enumeration elements to aid users in understanding narrative information.
24. Members also discussed the difficulty of identifying the scope of specific disclosures, especially if connected/related disclosures are located in different parts of a financial report—for example, when sustainability-related financial information may only relate to a particular segment or geographical location.

Policies relating to relational or structural information

25. ITCG members discussed mechanisms for communicating relationships between elements in the IFRS digital taxonomies, specifically:
- (a) dimensional relationships—members agreed that dimensions should be used for disaggregation but not for attributes. Dimensions should not be used when the dimension would not change the amount of the reported concept. Members emphasised the benefits of using both explicit and typed dimensions, although suggested that typed dimensions should be used judiciously to avoid misuse and ensure consistency;
 - (b) calculation relationships—members agreed that calculation relationships can be used as more than just educational tools—these relationships provide insight into how elements relate to each other arithmetically. One member suggested the wide usage of calculation relationships that can communicate arithmetic relationships and go beyond basic presentation structures; and
 - (c) presentation groups—there was a general view that presentation groups are useful for navigating the taxonomy and that other mechanisms (such as calculation relationships) are better at communicating relationships between elements.

Corporatings: Data quality in ‘ESEF/UKSEF’ digital financial statements (Agenda Paper 1)

26. Marc Houllier (Corporatings) shared insights from their work on the quality of ESEF/ UKSEF data for 2023 vs. 2022.

KPMG: Assurance over ESEF filings (Agenda Paper 2)

27. Ronald van Langen (KPMG) provided an overview of the assurance requirements for ESEF filings and shared insights into current practice and challenges.

XBRL US: Work of the US DQC (Agenda Paper 3)

28. Campbell Pryde (XBRL US) (guest speaker) provided an overview of the work of the US Data Quality Committee in developing, testing and publicising data quality rules for submissions to the US Securities Exchange Committee (SEC).

XBRL International: Text block tagging (Agenda Paper 10)

29. John Turner (XBRL International) provided an overview of the current difficulties in practice with “Inline XBRL Block Tagging”, shared feedback received on the working group note published in June 2024 and discussed possible consequent developments in the XBRL standards.

ESMA update (Verbal Update)

30. Eduardo Moral Prieto (ESMA) provided a verbal update on ESMA's activities related to digital reporting.