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## 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](#).

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## Meeting summary

The IFRS Taxonomy Consultative Group (ITCG) met virtually on 5 March 2025.

ITCG members discussed:

- the recent consultation paper published by European Securities and Markets Authority (ESMA) on digitalised requirements for sustainability and financial disclosures (paragraphs 1–3);
- digital financial reporting activities relating to taxonomy modelling for the *IFRS for SMEs* Accounting Standard and possible topics for IFRS Taxonomy Common Practice and General Improvements (paragraphs 4–7); and
- possible general improvements to narrative elements within the IFRS Accounting Taxonomy (paragraphs 8–11).

## ESMA's consultation paper

1. Eduardo Moral Prieto (a senior policy officer at ESMA) provided an overview of its recent [consultation paper](#) on digitalised requirements for sustainability and financial disclosures and discussed questions and comments from ITCG members about the proposals.
2. ITCG members:
  - (a) generally welcomed ESMA's proposal to extend digital reporting requirements to include the tagging of sustainability reports;
  - (b) supported improving the structure of tagged information in the notes to IFRS consolidated financial statements, through revised ESEF tagging rules, which align more closely with requirements in jurisdictions that have more detailed tagging rules for the notes to financial statements. Few members mentioned that consistency in the different tagging requirements set by regulators and alignment in the timing of their issuance, would be helpful to stakeholders; and
  - (c) generally agreed that structured data, provided by digital reports, facilitates the use of AI-based tools for analysing reported information, including sustainability disclosures. Comments from several members supported the view that AI has not replaced the need for structured data.

3. The proposals in ESMA's consultation paper were not discussed in detail. Several members strongly encouraged ESMA to undertake field-testing before finalising the proposals.

### Digital financial reporting—Work plan update

4. The staff presented an update and sought input from ITCG members on:
  - (a) the suggested taxonomy modelling approach for the *IFRS for SMEs Accounting Standard*; and
  - (b) possible topics for Common Practice and General Improvements projects aimed at updating the 2025 annual IFRS Accounting Taxonomy.
5. ITCG members generally agreed with the suggested taxonomy modelling approach for the *IFRS for SMEs Accounting Standard*. Some ITCG members suggested prioritising the maintenance of the full IFRS Taxonomy and adopting a simpler approach if that would ease the maintenance costs of the IFRS for SMEs Accounting Taxonomy. In addition, some members discussed the purpose and usefulness of maintaining this taxonomy.
6. ITCG members discussed the possible topics for Common Practice and General Improvements. Some members indicated support for prioritising:
  - (a) a review of financial instrument related extensions used in note disclosures of financial institutions;
  - (b) a review of existing IAS 1 *Presentation of Financial Statements* related common practice elements and in order to remove redundant elements; and
  - (c) a review of lease related extension elements in conjunction with the Post-implementation Review (PIR) of IFRS 16 *Leases*. ITCG members supported the alignment of the timing of the review of lease related extension elements with the PIR of IFRS 16.
7. Some ITCG members noted possible synergies in prioritising General Improvements topics related to:
  - (a) a review of narrative elements—with the aim, particularly in the light of ESMA's proposals for revised ESEF tagging, of simplifying reporting and improving consistency by clarifying usage, eliminating outdated common practice elements, and by potentially streamlining narrative elements; and
  - (b) further work on categorical elements—due to the importance of categorising narrative elements to increase the comparability of information disclosed (for example, accounting policy choices allowed in IFRS Accounting Standards). It was noted that the benefits of using categorical elements will be realised only if they are used consistently by preparers, which calls for regulators to mandate their use in tagging requirements.

### Narrative elements review

8. The staff provided ITCG members with an overview of contemplated areas of future general improvements to the narrative elements in the IFRS Accounting Taxonomy.
9. ITCG members generally agreed on splitting text blocks explicitly to Note text blocks, Policy text blocks, Table text blocks and other granular text elements, aligning with the new ESMA rules and the 'levels' used by the US Securities Exchange Commission. Some ITCG members mentioned that this approach will improve the comparability of tagged information.

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10. However, there were mixed views about the usefulness of Table text blocks. Some ITCG members mentioned that variations in using Table text blocks could lead to reduced digital comparability. Some ITCG members noted that even if a Table text block is not a substitute for detailed tagging of information, when used with metadata it could improve comparability.
  11. Some ITCG members mentioned that, when using generative AI tools, analysis will be mainly based on more aggregated levels of information, tagged using text blocks. However, in order to understand the structure of information, granular-level text elements could still be useful. Some members stated that granular text blocks can be useful indicators of the disclosure requirements in IFRS Accounting Standards. If not applicable, preparers can avoid using them. One member said that it would be beneficial to review the granular text block elements used, because having many closely related text blocks in the taxonomy can be confusing for preparers.