

iXBRL and the Detailed Profit & Loss account

● XBRL, or Inline XBRL

1 (eXtensible Business Reporting Language), is an open standard that enables a single document to provide both human-readable and structured, machine readable data. iXBRL is used by millions of companies around the world to prepare financial statements in a format that provides the structured data that regulators and analysts require, whilst allowing preparers to retain full control over the layout and presentation of their report.

iXBRL takes the HTML standard that is used to power the world's web pages, and embeds extra "tags" into it that give the figures and statements in a format that can be understood by a computer. iXBRL tags are interpreted by reference to "taxonomies" which are simply dictionaries linking each tag with the concept it identifies.

REVENUE'S REQUIREMENTS

Revenue has been rolling out the obligation for companies to file iXBRL financial statements as part of their corporation tax return for a number of years now, with two phases being implemented to date. These two phases include taxpayers dealt with by Revenue's Large Case Division and corporate taxpayers



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Linda and Paul provide a refresher on Revenue's iXBRL requirements and the impact of the Detailed Profit & Loss account

that meet *any* of the following criteria:

- Turnover exceeds €8.8m; or
- Balance sheet total (i.e. aggregate of assets without deduction of liabilities) exceeds €4.4m; or
- The average number of persons employed by the company exceeds 50.

It is important to note that a taxpayer's corporation tax obligations will not be considered complete until the iXBRL filing has been successfully submitted to Revenue, where a mandatory iXBRL obligation exists. This means that the taxpayer will be subject to potential fines, 10% surcharge on the corporation tax liability and/or restrictions on group/loss relief if a required iXBRL filing is not made on

time. Furthermore, Revenue will not release any refunds or a tax clearance certificate until the iXBRL filing has been submitted (where required) and the corporate tax filing is considered complete and up to date.

It should be noted that waivers are available for all companies which are in liquidation or considered inactive for an accounting period provided certain criteria are met.

ITEMS TO BE INCLUDED IN THE iXBRL FILE SUBMITTED TO REVENUE

Revenue has mandated the full tagging of financial statements and an additional supplementary Detailed Profit and Loss account (DPL). All data items presented must be tagged including comparators (previous accounting period figures). Detailed pension notes and financial instrument notes do not have to be tagged. Completion of the "Extract from Accounts" section of the Form CT1 is not mandatory where the financial statements are submitted and fully tagged in iXBRL.

In most cases the iXBRL filing for Revenue will consist of the statutory financial statements plus a DPL. It should be noted that this may not

always be the case e.g. branches, companies in liquidation, holding companies etc. There is a table on the Form CT1 and Revenue's iXBRL FAQs which provides guidance on the minimum content requirements which is determined by the company category of the Form CT1 filer.

WHAT IS NEW IN 2018?

In 2017 a new suite of Irish iXBRL taxonomies were released to cover FRS 101, FRS 102 and EU IFRS. However, upon release the taxonomies did not contain a separate DPL section which meant that the taxpayer needed to identify the most relevant tag from elsewhere in the taxonomy.

This was rectified in May 2018 when Revenue eBrief No. 80/18 announced that the Revenue Online Service (ROS) will now accept submissions using the updated FRS 101 + DPL, FRS 102 + DPL and EU IFRS + DPL taxonomies. Furthermore, from 1 August 2018, Revenue will mandate the use of the updated + DPL taxonomies for all iXBRL submissions and restrict the use of the older IE GAAP and IE IFRS taxonomies.

As a result of this eBrief a number of additions and amendments have been made to Revenue's iXBRL Frequently Asked Questions. The impact of these are now examined.

THE DETAILED PROFIT & LOSS ACCOUNT

Much attention in recent years has been given to the Revenue requirement to include a fully tagged DPL for all iXBRL files submitted as Revenue consider the format of the Profit & Loss account, as required by Companies Act, does not provide the level of detail they require.

Revenue requires that a business fully breaks down its DPL income and expenditure items and uses all relevant DPL tags in the accepted taxonomies. The DPL should, at minimum, provide the following additional detail:

- Income should, where applicable, be broken down into Sales/Receipts/Turnover; Receipts from Government Agencies – GMS, etc.; Other Income.
- Expenditure should, where applicable, provide Cost of Sales details and line item details for Administrative, Distribution and any other relevant costs

It is expected that businesses will have this greater level of detail in order to compute the tax adjusted profit/loss for the purposes of their corporation tax computation.

The new + DPL taxonomies accepted by Revenue contain a substantial number of tags for a wide array of possible DPL income and expenditure items.

Revenue is of the opinion that items in the DPL should match the tag label narratives in so far as is possible. Revenue will not reject iXBRL financial statements where the line item descriptors and tag label narratives do not match exactly, however, it should be noted that mismatches between line item descriptors and tag label narratives can lead to ambiguity in the interpretation of iXBRL financial statements, and such ambiguities could, in turn, lead to Revenue queries and possibly interventions. Taxpayers should endeavour to ensure that such ambiguities are avoided wherever possible.

i. Mandatory Tags

On the basis that there should be no loss of data between those corporation tax filers who complete the CT1 "Extract from Accounts" and those who file iXBRL financial statements, Revenue has decided to mandate such items in the + DPL taxonomies. As noted in Revenue's iXBRL FAQs, the following mandatory tags now exist:

CT1 Mandatory Item	iXBRL Mandatory Item	Taxonomy
Sales/Receipts/Turnover	DPLTurnoverRevenue	DPL
Receipts from Government Agencies – GMS, etc.	DPLGovernmentGrantIncome	DPL
Other Income	DPLOtherOperatingIncome	DPL
Gross Trading Profits	DPLGrossProfitLoss	DPL
Salaries/Wages, Staff Costs	DPLStaffCostsEmployeeBenefitsExpense	DPL
Sub-contractors	DPLSubcontractorCosts	DPL
Profit (loss) on ordinary activities before taxation	DPLProfitLossBeforeTax	DPL
Shareholder's Funds	Equity	FRS/IFRS

If a company has no values for any of these items, then a zero value must be tagged. According to Revenue, the mandatory iXBRL items which are required in the DPL are in no way intended to suggest a 'pro-forma' DPL or minimum tagging list.

ii. Guidance on Mandatory Items

The iXBRL mandatory items mirror the 'required fields' on the CT1 'Extracts from Accounts', and as with the "Extracts from Accounts", they should reflect what is in the financial statements. The iXBRL mandatory items are intended for

transcription, not recalculation or reclassification. Please see the table below for some general and specific guidance from Revenue:

iXBRL Mandatory Item	Guidance
DPLTurnoverRevenue	Companies should record the value that they would normally term to be their "turnover" in their financial statements. Insurance/Reinsurance/Life assurance companies: turnover is "earned premiums net of reinsurance" plus "net investment income". Ignore claims, administration expenses and acquisition expenses. Special Purpose Vehicles (SPVs) and leasing companies: turnover is gross income. Follow the accounts not the tax computation.
DPLGovernmentGrantIncome	This includes income from government departments, such as GMS payments, Free Legal Aid, Department of Agriculture payments etc. This is to facilitate filers who identify such income separately or whose income is solely derived from a government source.
DPLOtherOperatingIncome	Do not enter income taxable under a separate heading such as investment income, rent, forex gains or losses, dividends or interest. The term Other Operating Income is used to facilitate filers who may not be happy to describe their main income as "Sales, receipts or turnover" or as GMS income.
DPLGrossProfitLoss	Companies should record the value that they would normally term to be their "gross profit". Insurance/Reinsurance/Life assurance companies: gross profit is "earned premiums net of reinsurance" minus "claims incurred net of reinsurance" plus "net investment income".
DPLStaffCostsEmployeeBenefits Expense	This is the deduction for staff remuneration in the accounts, including remuneration paid to directors.
DPLSubcontractorCosts	This is the amount paid out to subcontractors during the accounting period.
DPLProfitLossBeforeTax	This is the profit or loss per the financial statements before the charge to tax.
Equity	This has its ordinary meaning and is equivalent to Shareholder's Funds under Irish GAAP before the introduction of FRS 101/102.

Source: Revenue Commissioners. www.revenue.ie

OTHER MATTERS

i. Which taxonomy to use

Filers should use the taxonomy aligned to the accounting framework

under which the financial statements have been produced.

Revenue is aware that section 110 companies who prepare their corporation tax returns on the

basis of single entity accounts prepared under 'Old Irish GAAP' have typically used the IE GAAP taxonomy to tag their accounts. On the basis that the IE GAAP

taxonomy will be restricted from 1 August 2018, section 110 companies will be obliged to use the FRS 101 + DPL, FRS 102 + DPL or EU IFRS + DPL taxonomies for their iXBRL submissions.

Revenue have confirmed that the use of the FRS 101 + DPL, FRS 102 + DPL or EU IFRS + DPL taxonomies by a section 110 company in no way constitutes an election to file its corporation tax returns on the basis of single entity IFRS Financial Statements or modified Irish GAAP.

ii. Revenue's iXBRL filing deadline and Draft financial statements

There has been no change in Revenue's approach here, but just to remind readers that Revenue permits an additional 3 months from the Form CT1 submission deadline to provide the iXBRL filing e.g. a company with a 31 December 2017 period end

must submit their Form CT1 on or before 23 September 2018 and therefore their iXBRL submission deadline is 23 December 2018.

It is worth keeping in mind that Revenue will not make refunds available for release for repayment to the taxpayer, or for allocation to the account of another company, or another tax head, nor will they issue a tax clearance certificate if an iXBRL filing is outstanding. Furthermore, 'draft' financial statements should not be submitted to Revenue without their prior approval, with the exception allowed where the only issue pending is that the director(s) have not yet signed the draft financial statements.

CONCLUSION

iXBRL is an important aspect of Revenue's corporation tax compliance obligations and while there have been no significant

changes to their requirements, the new + DPL taxonomies are mandatory for all iXBRL filings from 1 August 2018.

If you are caught by Revenue's iXBRL filing obligations you will need to re-evaluate the content of your Detailed Profit & Loss account to ensure it meets Revenue's guidance and includes the mandatory items, as well as tag the DPL afresh with the new relevant taxonomy.

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