



CONQUERING iXBRL

The climb towards implementing iXBRL by HMRC's deadline has been an arduous one, so how have companies and the profession risen to the challenge?

It's been several months since iXBRL became mandatory for corporation tax return filing on 1 April 2011, meaning the profession and software vendors are seeing the results of their preparations. While some vendors, such as Caseware, have had iXBRL capabilities built into their software for several years, most released their iXBRL-compliant products closer to the date it became mandatory.

HMRC has paid tribute to the co-operation between itself, software houses and representative bodies of agents and companies, with a spokesperson saying: 'iXBRL implementation has been highly successful – over 500,000 online returns were received between April and September, and early indications are that the quality of tagging is reasonably good, [although as] many companies filed early – before the iXBRL deadline – while it was still

possible to do so on paper, it will be a while before all companies have filed online for the first time.'

But how have the profession and software vendors coped with the iXBRL requirement so far? Graham Tilbury, iXBRL product specialist at Thomson Reuters, says the experience so far has been generally positive: 'It's meant new learning for our clients and required quite a bit of training, but a number of our clients have successfully filed compliant returns.

'Thomson Reuters' products filed the first iXBRL-compliant return just after midnight on 1 April, and we've recently had confirmation from Companies House that our products were the first for an e-filing of audited accounts in July. Our customers have found the transition to iXBRL as easy as it was possible to make it.'

Phill Robinson, CEO of IRIS Accountancy Practice Software, is similarly upbeat. 'IRIS has had a really

good experience – our customers have been very well prepared,' he says. 'Between April and August, just under half of all third-party iXBRL filings have used IRIS's software, and we've found that providing a range of services – our tax software, accounts production software, a manual tagging tool, and an outsourcing service – has been very successful for us.'

Rejections

ACCA's head of tax, Chas Roy-Chowdhury, agrees that generally the process has been 'less problematic than one might have expected', but at the time of writing, one issue members had encountered was that iXBRL-compliant filings were being rejected at HMRC's end where corporation tax rates were 26%. HMRC confirmed it would be fixing this in October as part of its annual software upgrade, but Roy-Chowdhury says: 'Rejections cost time – companies will have to wait for



an update but, in the meantime, they've wasted time and energy trying to file.'

Despite the generally smooth transition to iXBRL, there may be other issues people need to watch out for. 'HMRC's software will be updated to cope with the 26% rate change, but we don't know how many other changes HMRC will make,' warns Tilbury. 'Some of our customers reported HMRC rejected some filings that were valid: it turned out the name of the month on the iXBRL accounts was in capitals, unlike the CT600 form and tax computation – we had to build that into our software so the filings would be accepted. Be prepared that if vendors need to make an update because HMRC has changed something, then there will be a time lag for the software vendors' updates to be implemented.'

Accountancy firms and their clients have been using a variety of methods to ensure they file iXBRL-compliant returns to HMRC – such as software that automates most of the iXBRL tagging, manual tagging or conversion tools, or outsourcing the iXBRL tagging altogether to a third party. While HMRC says it has already started to benefit

from reducing the amount of rekeying data by staff, it admits there has been 'more manual tagging when using filing products than expected'.

'Our approach is to support people to get iXBRL tagging right, not to penalise them for getting it wrong,' HMRC's spokesperson says. 'In this cycle, we want to ensure a reasonable

HMRC, however, is not alone in making iXBRL an obligatory part of accountancy life. In years to come, it will also be mandatory to file iXBRL-compliant accounts with Companies House, so auditors and accounts preparers will need to prepare for the changes the way their tax colleagues have, if they haven't already.

'IN THIS FIRST CYCLE, WE WANT TO ENSURE THAT A REASONABLE ATTEMPT HAS BEEN MADE, AND TO WORK TOWARDS MAKING THINGS EASIER'

attempt has been made, and to work towards making things easier.'

Robinson agrees: 'HMRC has been reasonably sympathetic and has occasionally let people submit with less than the minimum tagging requirements. However, we encourage people to get it right now: we encourage people to go for full taxonomy tagging with our software so that when HMRC's soft landing period ends, and the minimum tagging requirements are expanded, they're prepared for it.'

Smart thinking

Robinson's view is echoed by Tilbury. 'Customers have to do more thinking where a conversion tool or manual tagging tool is used, deciding which iXBRL tag to use for each figure and declaration,' he says. 'Using an accounts production solution is the least intrusive way to do it – the iXBRL tagging is largely automatic and is less time-consuming. Our software contains the full tagging list for those who want to use it, so we've already future-proofed our customers for the migration from the minimum tagging requirements.'

It isn't yet clear when the move to the full iXBRL-tagging taxonomies will happen. HMRC is currently in consultation on the duration of the minimum tagging requirements, and says notice will be given before any iXBRL requirements are changed.

While the government recently decided not to press ahead with making electronic-only filings compulsory in 2013, Companies House said in a statement: 'Mandating electronic services is an issue which we will reconsider once the moratorium on new regulation for small businesses has ended in 2014.'

Companies House has already enabled iXBRL filing of UK GAAP accounts. A spokesperson says nearly 40% of all companies file their statutory accounts electronically, using XBRL-tagged documents, and that rejections of accounts filed electronically – around 2% – are much lower than for paper filings (10%).

But most of this is far into the future. A more pressing concern for most accountants is the spate of December year-ends looming. 'The majority of filings will be due by the end of the calendar year – make sure you're on top of your software and your iXBRL-compliance process,' advises Tilbury. 'Don't wait until December to deal with tax return filing, start now. Make use of the test in-line functionality supported by HMRC's e-filing facility: this allows a document to pass through HMRC validations but not be filed, which gives you the opportunity to check the iXBRL files you've created will be accepted. Don't leave things to the last minute.'

Santhie Goundar, journalist