

## Minutes of TALC iXBRL Subcommittee meeting

**Date:** 18 April 2018

**Location & time:** Revenue Large Cases Division, Ballaugh House, Mount Street, Dublin 2.

### Item 1: Minutes of previous TALC iXBRL Subcommittee:

Minutes of the meeting of 20 February 2018 were agreed.

Minutes will be published in accordance with the procedures agreed at main TALC.

### Item 2: Update of Action Points arising from last meeting

**Action Point** Revenue to provide sub-committee with a draft eBrief concerning: the update of the DPL taxonomy; the introduction of mandatory iXBRL tags; the restriction of the use of the IE GAAP and IE IFRS taxonomies; assurance from Revenue that the use of the FRS 101 + DPL, FRS 102 + DPL or EU IFRS + DPL would not constitute an election to prepare their Corporation Tax returns on the basis of single entity IFRS financial statements or modified Irish GAAP; new validation rules and a change to the way in which the average number of employees is calculated for the purposes of the Phase II iXBRL deferral criteria.

The draft eBrief was prepared in advance of the meeting and distributed to the sub-committee.

The draft eBrief was broadly welcomed at the meeting, but there were a few requests for further information and clarifications:

- The 9 additional purchases tags have been named
- The mechanism for the calculation of the average number of employees under S317 of CA 2014 has been described
- The "Drop-down" categories that filers should use when contacting Revenue using MyEnquiries have been named

**Action Point** Revenue to complete its review of how the average number of employees will be calculated for iXBRL purposes.

Revenue will accept the method of calculating the average number of employees as set out in Section 317 of the Companies Act 2014. Below is the proposed amended text for the relevant section of the iXBRL FAQ "Does Revenue carry out any iXBRL integrity checking of Forms CT1?" The text in the FAQ will also appear in Tax and Duty Manual 41A-03-01 "Submission of iXBRL Financial Statements as part of Corporation Tax returns":

"3. **Selecting Number of Employees.** When the Form CT1 is accepted by Revenue a subsequent check is carried out on the number of employees included in the most recently filed Form P35L. Where this check indicates that the number of employees is in excess of 50, the obligation to file iXBRL Financial Statements remains and this may affect any tax refunds, tax clearance, liability to surcharges etc.

Revenue will accept the method of calculating the average number of employees as set out in Section 317 of the Companies Act 2014; that is, the number of persons employed by a company in each month of the financial year, aggregated and then divided by the number of months in the financial year of the company.

Therefore, companies affected by this check should use MyEnquiries (select the "Corporation Tax" and "iXBRL" drop-down categories) to request that the iXBRL Financial Statements are marked as not required where the average number of employees in the statutory Financial Statements does not exceed 50.

Companies should note that their local Revenue office may require a copy of the statutory Financial Statements in a non-iXBRL format such as Word or pdf as evidence that the average number of employees declared in the statutory Financial Statements does not exceed 50.

Should the average number of employees in the statutory Financial Statements exceed 50, the obligation to file iXBRL Financial Statements will remain.

The only circumstances under which it will be necessary to contact Revenue in respect of this is when the turnover does not exceed €8.8 million and the balance sheet total does not exceed €4.4 million."

It was noted during the meeting that the check that currently operates in respect of the average number of employees will be turned off in September 2018, at which point the FAQs will be updated to remove the references to this check.

**Action Point** Revenue to adjust the FAQ to make it clear that the inactive company waiver also applies to LCD companies.

The iXBRL FAQs and Tax and Duty Manual 41A-03-01 "Submission of iXBRL Financial Statements as part of Corporation Tax returns" will both be updated to reflect this. The FAQs will read as follows (emphasis for ease of reading):

***Do inactive companies have to file statements in iXBRL format?***

At present all companies that are registered in Ireland have an obligation under the Companies Act 2014 (previously Companies Act 1963) to prepare and make out accounts. Revenue is willing to waive the obligation to file statements in iXBRL format where there is no income or expenses in the P&L and there is a balance sheet movement of less than €500.

For account periods ending in 2014 or later, companies will be able to select an option on the iXBRL page on the Form CT1 as follows:

'The company is inactive and there is no income or expenses on the Profit and Loss account and there is a balance sheet movement of less than €500.'

Where this option is selected on the Form CT1, it will not be necessary to contact the local Revenue Office or tax district. **It should be noted that companies who are in Revenue's Large Cases Division may also avail of this waiver.**

Tax and Duty Manual 41A-03-01 "Submission of iXBRL Financial Statements as part of Corporation Tax returns" reads as follows:

## 1.5 Inactive companies

For iXBRL purposes, inactive companies are those companies with no income or expenses in the Profit and Loss account and a balance sheet movement of less than €500.

Companies, including companies in Revenue's Large Cases Division (LCD), who are inactive may choose Option 4 on the Form CT1 (see Part 3 below) stating that they are inactive and thereby claim a waiver from filing iXBRL Financial Statements.

It was noted by practitioners that the text on the CT1 was still ambiguous in this regard and that it should also be changed.

Revenue responded that this could not be resolved by the iXBRL team, who would instead raise the issue with colleagues with responsibility in this area.

**Action Point arising:** The iXBRL team to ask colleagues with responsibility in this area to change the text in the CT1 regarding inactive companies so that it is clear that LCD companies may avail of the waiver.

**Action Point** Revenue to consider its position on iXBRL submissions stuck at 'processing' and whether there might be a need to update the iXBRL FAQs and other Tax and Duty Manuals, such as the Group Relief manual and the surcharge manual.

This matter is still being considered and the iXBRL team are awaiting feedback from colleagues. It was noted that this is a ROS issue and that the matter might be more appropriate for main TALC, but the iXBRL team will nonetheless pursue the issue.

Practitioners noted that the main area of concern with this issue is the status that Revenue would attach to a submission stuck at processing. Ideally, Revenue would be able to provide assurance that such submissions would be accepted as valid and would not affect group relief claims or would not seek to enforce a surcharge.

It was noted by both practitioners and Revenue that there had been no reported instances of this issue occurring for a number of months, although this may be attributable to the fact that it is currently a quiet time of year for iXBRL filings.

**Action Point arising:** The iXBRL team to pursue the issue of iXBRL returns stuck at 'processing' and respond to practitioners' concerns as soon as possible.

**Action Point** Revenue to consider what guidance on the use of mandatory tags may be of use to filers of non-standard accounts and whether that guidance might be included in the proposed eBrief as referred to above.

It was proposed by Revenue to create a new FAQ on this subject that would provide a link to "Tax Briefing 53 of 2003". This was done on the basis that the mandatory iXBRL tags are intended to mirror the CT1 'Required fields', so the extant guidance on the CT1 'Required Fields' should be applied when considering the iXBRL mandatory items.

The proposed new FAQ read:

***"Will Revenue publish any guidance on how businesses should use the iXBRL mandatory items?"***

As the iXBRL mandatory items are intended to mirror the 'required fields' on the CT1 'Extracts from Accounts', filers should refer to the guidance on the CT1 'Extracts from Accounts' as provided in Tax Briefing Issue 53 of August 2003 in this regard. The document can be accessed here:

<https://www.revenue.ie/en/tax-professionals/historic-material/tax-briefing/2003/Tax-Briefing-Issue-53-August-2003.pdf> “

Practitioners noted that the guidance from 2003 is older than 5 years and that Revenue policy is to incorporate, where it is still relevant, such guidance into either a Tax and Duty Manual or other website text where this occurs.

It was further noted by practitioners that Tax Briefing 53 of 2003 was only part of the story when it came to guidance on completing the CT1 “Extracts from Accounts” and that another Tax Briefing went into further detail on how insurance companies should complete it. This is Tax Briefing 54 of 2003.

**Action Point arising:** Revenue to re-visit possible guidance on the use of mandatory tags and consider incorporating relevant parts of prior guidance concerning the CT1 'Required fields' as appropriate into the updated FAQs.

**Action Point** Revenue to update the iXBRL FAQs with a new FAQ stating that companies with long accounting periods will not be able to pro-rate the iXBRL deferral criteria.

Please see new FAQ below:

**“If a business has a long accounting period covering more than one CT1 period, is it appropriate to ‘pro-rate’ the iXBRL deferral criteria when deciding whether the business has an obligation to submit Financial Statements in iXBRL format?”**

No, it is not appropriate to ‘pro-rate’ the iXBRL deferral criteria where a business has a long accounting period as turnover / revenue may not accrue evenly over the course of the accounting period, the balance sheet total at a particular CT1 period end could not be known and the calculation of the average number of employees would be calculated over the whole of the long accounting period.”

### **Item 3: Revenue DPL taxonomy update**

Revenue advised that the update to the DPL had been completed and that the entry points for the combined taxonomies (i.e. FRS 101 + DPL, FRS 102 + DPL and EU IFRS +DPL) are now on Github.

Revenue sent an email to software vendors and members of the sub-committee on 22 March 2018 advising of this and providing a copy of the zip file containing the DPL in the event that vendors wished to start working with it.

Revenue also advised the sub-committee that the update to their systems that would allow them to accept submissions using the combined taxonomies had just taken place, but that the test site still required updating to reflect the live environment. They also said that a further email to vendors would issue as soon as this was completed.

Revenue will mandate the use of the combined taxonomies from 1 August 2018, as was set out in the draft eBrief referred to above.

**Action Point arising:** Revenue to advise software vendors that submissions using the combined taxonomies could be accepted as soon as the test site is updated. The sub-committee will also receive a copy of this email.

#### **Item 4: AOB**

**1.** Practitioners raised an issue concerning cases where the CT1 date (and associated iXBRL financial statements due date) had been changed on Revenue's internal systems but the due date for the iXBRL financial statements had not updated in ROS, meaning that filers were unable to file their iXBRL financial statements due to the fact that the period of account in the financial statements did not match that in ROS.

Revenue noted that this is an issue that had occurred on a few occasions and that the practice of the iXBRL Helpdesk in such instances is to refer the filer to the ROS Helpdesk on the basis that this is a ROS accessibility issue and not iXBRL-related.

**Action Point arising:** The iXBRL team to raise the issue of ROS accounting periods not updating in accordance with changes notified to Revenue at the same time as raising the issue of changing the text of the CT1 regarding inactive companies.

**2.** Revenue raised the possibility of merging the iXBRL Tax and Duty Manual with the iXBRL FAQs. The current practice is that Revenue publishes a change document whenever the FAQs are updated. However, merging the documents would mean that an eBrief would issue whenever there was an update, as is the norm when a Tax and Duty Manual is updated.

Practitioners pointed out that the FAQs were the "go-to" document for practitioners and that they also found the change documents useful as they provide a history of the changes since the FAQs were first published. Accordingly, it was the preference of practitioners that the FAQs be retained.

Revenue responded that the matter had been raised to establish the sub-committee's thoughts on the idea and that, given that there was so much more currently going on with iXBRL, the matter could be re-visited at a later date.

**3.** Practitioners pointed out that the iXBRL FAQs were not searchable and that this made them less user-friendly.

Revenue replied that they would investigate this and endeavour to fix this issue.

**Action Point arising:** Revenue to ensure that all iXBRL publications are searchable.

| Action Point  | Responsible | Timeline            |
|---|-------------|---------------------|
| The iXBRL team to ask colleagues with responsibility in this area to change the text in the CT1 regarding inactive companies so that it is clear that LCD companies may avail of the waiver.                                | Revenue     | As soon as possible |
| The iXBRL team to pursue the issue of iXBRL returns stuck at 'processing' and respond to practitioners' concerns as soon as possible.   | Revenue     | As soon as possible |
| Revenue to re-visit possible guidance on the use of mandatory tags and consider incorporating relevant parts of prior guidance concerning the CT1 'Required fields' as appropriate into the updated FAQs.                   | Revenue     | As soon as possible |
| Revenue to advise software vendors that submissions using the combined taxonomies could be accepted as soon as the test site is updated. The sub-committee will also receive a copy of this email.                          | Revenue     | As soon as possible |
| The iXBRL team to raise the issue of ROS accounting periods not updating in accordance with changes notified to Revenue at the same time as raising the issue of changing the text of the CT1 regarding inactive companies. | Revenue     | As soon as possible |
| Revenue to ensure that all iXBRL publications are searchable.   | Revenue     | As soon as possible |

**Attendees:**

**Revenue:**

Eugene Creighton (Chairman)

James Fagan (Secretary)

Dave Russell

Patricia Hughes (for review of S110 companies piece)

**CCAB-I:**

Kimberley Rowan

Aileen Carroll

**XBRL Ireland:**

Karen Angley (by telephone)

**ITI:**

Cáit Monagher

**Next meeting:** 29 August 2018 at 10.00am in Ballaugh House.