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Guide to iXBRL

Introduction to iXBRL

From 1 April 2011 it will be compulsory for most companies to submit their company tax return, computation and accounts online to HMRC in iXBRL format.

It will no longer be acceptable for most companies to submit accounts to HMRC on paper or as a PDF attachment. This will be a significant issue for many organisations and will undoubtedly place more burden on finance teams and increase costs.

What is iXBRL

iXBRL, or inline eXtensible Business Reporting Language, is an electronic format that involves the application of computer-readable tags to the data in the financial statements. This will enable HMRC to process data automatically and more efficiently.

The new rules will apply to virtually all companies which currently submit a corporate tax return, meaning companies will need to review their systems to ensure they can produce the required iXBRL files.

What are the implications for my organisation?

If your organisation is required to submit a corporation tax return then you will be affected by the transition to iXBRL online submissions. The only exception is small charities with a turnover of less than £6.5m. The format of charity accounts does not currently fit into HMRC's software template, and until this issue is resolved, small charities will be able to submit their accounts in PDF format.

Companies who prepare their accounts using Word or Excel will feel the impact most strongly. Neither of these two formats are iXBRL compliant and therefore these companies need to make changes to their current processes.

Those companies who outsource their accounts preparation need to ensure that their accountants are using iXBRL compliant software.

HMRC has said that if organisations are unable to submit both corporation tax returns and company accounts in the prescribed format, it will reject the submission, and offenders will be treated as having not filed their returns at all. This could mean penalties.

What data is tagged?

An “average” set of accounts will use approximately 400 different tags. Most of the numbers and some of the text in a set of accounts will be tagged. The data must be tagged using a software tool, either full accounts preparation software or a conversion and tagging tool. Companies have the option to purchase the required software and manually tag their data or outsource the work.

In-house or Outsourced?

The tagging process inevitably involves time and effort and requires significant experience of both financial statements and HMRC taxonomies. In-house finance teams will require training and keeping their skills up-to-date every year will be a challenge. Because of the potential penalties from HMRC it is important that the tagging is performed correctly to avoid errors. For most companies it will not be possible or practical to do this in-house and therefore to reduce the burden, many companies are choosing to outsource the work.

How we can help

Godfrey Wilson offers an outsourced iXBRL submission service for corporation tax returns, tax computation and accounts. Our staff have the skills, experience and software to file the necessary documents in the required format, in an accurate and timely manner.

Our Contact Details

To discuss the iXBRL requirements or appoint Godfrey Wilson to file your tax documents and accounts online, please contact Rob Wilson or Alison Godfrey.

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