

Article topic: Compliance

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The switch to iXBRL



The single biggest change in submitting company accounts for many years could cause financial headaches if firms don't make the switch on time.

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There have been plenty of warning stories in the press about iXBRL filing - this is the new electronic format required by HMRC for all UK company accounts and Corporation Tax returns from 31 March 2011 onwards. Even though the deadline may seem a long way off, there could be complications where companies produce their own accounts, so they need to be planning ahead now.

What does the change mean?

The change applies to all accounting periods after 31 March 2010 and means that at the time of filing, both Corporation Tax returns and company accounts will need to be delivered in iXBRL format. HMRC has already stated that failure to do so will result in the submission being rejected.

Who does it affect?

All UK registered companies will need to make the switch in time for the March 2011 – February 2012 filing deadlines. Clients will be unaffected if we already handle the filing of their Corporation Tax and company accounts, as our systems will be fully compliant with the new software requirements ahead of the deadline.

What action should companies take?

Tax software for the filing of Corporation Tax should be readily available; however, companies filing their own accounts using applications such as MS Word and Excel, need to install new software to produce accounts in iXBRL format.

Although this may sound straightforward, there are two issues; firstly, there are very few software packages which can produce accounts in the required format for larger companies and, secondly, IT and accounts departments will need to undertake a thorough risk assessment before any system changes can be made. This will inevitably cost time and money.

The solution

Companies need to agree an early adoption strategy to ensure they don't get caught out. Our Business Services team is able to handle the filing of statutory accounts and the conversion of MS Word, Excel, or similar formats, into iXBRL. We can also advise clients looking to retain their accounts in-house on the best iXBRL packages available.



What is iXBRL?

iXBRL stands for InLine eXtensible Business Reporting Language...in normal speak, it's a system of tagging the data in an electronic business report which makes it readable for Revenue software. Previously, every set of accounts and tax computations had to be re-keyed into the Revenue's system, so the new software requirement will save time and money. Companies in the US, Japan, Australia, Belgium and the Netherlands already submit their accounts in this format.

At the moment, reporting in iXBRL format only applies to accounts submitted to HMRC and not Companies House, although this is likely to become a requirement in the future.

Be warned...

One of the other reasons behind the switch to iXBRL is that it allows HMRC to compare data sets between year-ends and groups of companies within similar sectors. These enhanced statistics could lead to increased questioning from HMRC so it is more important than ever for companies to ensure that their financial data is reviewed to identify any potential issues.

For more information on iXBRL and what it means for your company, please speak to your Target contact.

