

Comparison of Different XBRL Taxonomies



Taxonomy in general is defined as the science or technique of classification into ordered categories. So we can say that XBRL Taxonomies are dictionaries used by the XML, or Extensible Markup language. The tagged information from the taxonomies allows computers to process data which can then be analysed by different end users of financial reports like investors, regulators and journalists. Hence we can say, understanding a taxonomy is the core to effective XBRL usage. In the next few paragraphs we will focus on understanding a taxonomy structure and analyse a few of the major taxonomies used around the globe for years and the relevance of its understanding in the Indian scenario.



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What is XBRL Taxonomy?

XBRL taxonomy is a collection of taxonomy *schemas* and *link bases*, which helps companies to tag relevant financial data which are spread over long financial statements and related footnote disclosures.

Schema: It defines items using Elements which represent financial reporting concepts. The attributes of an element are label, name, definition, abstract, data type, balance type, period type, substitution group and authoritative references.

Linkbases: They are a collection of Links which are relationships between elements. The three important linkbases are Presentation linkbase, Calculation linkbase and Dimension linkbase.

Need for Different Taxonomies

Unique taxonomies are required for different business reporting purposes. Some countries may need their own reporting taxonomies, for example Emirates Securities & Commodities Authority (SCA) taxonomy is structured to reflect local accounting and other reporting regulations having both Arabic and English labels. Different organisations, including regulators, specific industrial sectors or even companies, may require taxonomies or taxonomy extensions to cover their own specific business reporting needs.

But the proliferation of a multitude of XBRL taxonomies, based on different accounting principles, can risk the objectives of standardisation, comparability and re-usability of the information that is sought with XBRL. It is therefore essential to develop global accounting standards as a unique foundation on which the XBRL taxonomies can be established, so that it becomes possible to compare the financial information originating from various countries at the same time retaining the unique jurisdictional reporting requirements.

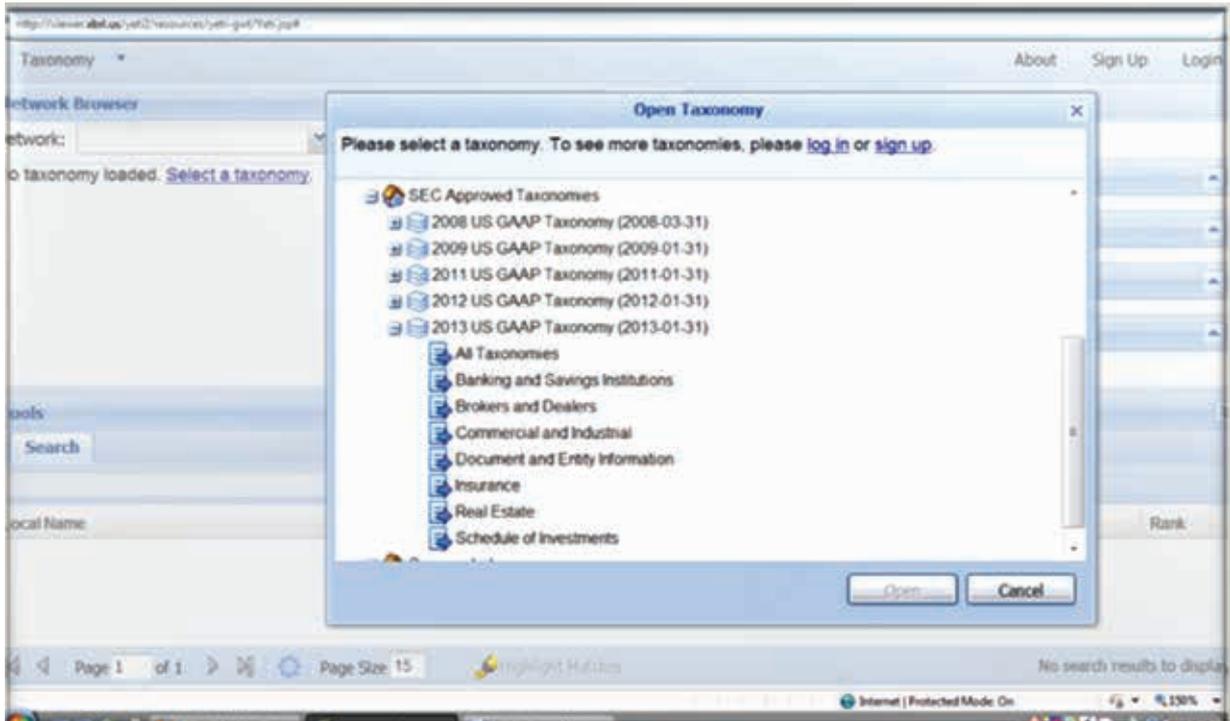
Large taxonomies (such as the IFRS taxonomy, US GAAP taxonomy) change every year based on updates. These updates attempt to work towards better comparability and usability of these standard taxonomies.

Different Taxonomies

The two widely used XBRL taxonomies by different corporate are the US GAAP taxonomy and the IFRS

taxonomy. IFRS taxonomy is the base for many of the regional taxonomies including the MCA taxonomy-Indian GAAP. However an understanding of the unique features of the US GAAP is equally important as its one

updating, and improving the taxonomy. Due to the different types of companies that report using the XBRL US GAAP Taxonomy, the taxonomy has entry points based on sectors.



of the first standard taxonomies to be implemented and used on a large scale. Knowledge of these taxonomies is a must for new taxonomy building or for extensions in standard taxonomies.

1) US GAAP Taxonomy (UGT)

XBRL US is one of the 27 country specific members of XBRL International entrusted with XML business reporting standards in the United States. XBRL US along with other organisations has developed Corporate Actions taxonomy, SEC Approved taxonomies, FDIC Approved Taxonomies and Other XBRL US Financial Reporting Taxonomies for the use by US financial readers.

The UGT is based on generally accepted accounting principles in the United States (US GAAP) and is used by SEC registrants who file financial reports prepared in accordance with US GAAP. It was first released in the year 2008, which is now superseded. The *US GAAP 2013 Financial Reporting Taxonomy* is used by public companies today for SEC reporting. FASB (Financial Accounting Standards Board) is responsible for maintaining,

Once the entry point is selected based on requirement, the search for elements begins. The UGT has more than 18,000 elements to choose from. An added advantage in this taxonomy is that every element is supported by documentation, hence there is no ambiguity in the choice and use of elements and any element extended beyond the standard taxonomy is supported by its appropriate definition. This is very useful especially to compare figures among group companies or may be within an industry sector as there is no data in the report that remains untagged. Details like number of years, specific percentages, ratios and even visual tables of the financial report are tagged in level 3 tags. The IFRS taxonomy lacks these and may have to consider adapting the same. Extensions are an important base for updating the taxonomies. However this liberty of extensions, if used recklessly can render the very purpose of tagging every number in the financial report questionable. To tackle this SEC or FASB can come up with a set of rules to be followed in extending elements and also release widely accepted extensions, say sector

wise, at regular intervals for companies to use as a base over and above the annual updates. This will ensure real time comparison between extensions used by different companies.

2) IFRS Taxonomy

The main purpose of XBRL is to provide a common platform for business reporting and as International Financial Reporting Standards (IFRS) also works towards the same goal which is to standardise international accounting rules to make the company data more comparable, the IFRS Taxonomy has been created in the year 2002. Many countries have kept the IFRS Taxonomy as base while developing their internal taxonomies like India, UAE, UK, Singapore, Chile, Israel, etc. The IFRS Foundation develops and maintains the IFRS Taxonomy, which is based on IFRSs and their interpretations. The IFRS Taxonomy contains tags for all IFRS disclosures. It does not include common-practice or industry-specific disclosures that are outside the scope of IFRS. It is an open core taxonomy, which means that it allows companies to add their own company-specific elements in case appropriate tag is not available in the standard taxonomy. Company specific tags that are added to that taxonomy are known as taxonomy extensions. The IFRS Taxonomy is updated regularly to incorporate changes in IFRSs and XBRL technology. The IFRS Foundation also provides support materials for better understanding of the IFRS Taxonomy. Furthermore, the IFRS Taxonomy has been translated into key languages like Arabic, Chinese, French, German, Italian, Japanese, Spanish, etc. to support users of the IFRS Taxonomy whose primary language is not English.

3) Indian Taxonomies

Locally, we have XBRL India which is a company registered under Section 25 of the Companies Act, 1956, incorporated under the Jurisdiction of XBRL International to promote XBRL adoption in India, to facilitate education and marketing of XBRL and to develop and manage XBRL taxonomies.

XBRL Projects in India

Reserve Bank of India (RBI)

RBI has introduced XBRL platform through which scheduled Indian banks are required to submit their returns. As the reporting requirements of the Banking Sector are completely different, a separate industry-

specific taxonomy has been developed. The Banking Taxonomy is based on Indian Accounting Standards, requirements of Clause 41 of Listing Agreement, Banking Regulation Act and other RBI Circulars.

Securities and Exchange Board of India (SEBI)

SEBI is developing an XBRL filing platform known as SEBI Unified Platform for Electronic Reporting - Dissemination (SUPER-D) Project which can be used by companies to file their reports. For this purpose, they will use ICAI taxonomy as far as financial statements are concerned. SEBI is also planning to implement XBRL in mutual funds filing.

Ministry of Corporate Affairs (MCA) - Costing Taxonomy

MCA has made it mandatory for the cost auditors and the companies to file Cost Audit Reports (Form-I) and Compliance Reports (Form-A) for the year 2011-12 onwards in XBRL format. For this, the costing taxonomy and related business rules have to be referred. The costing taxonomy is a dictionary of all cost elements required in the cost audit report and compliance report. It basically contains the properties and interrelationships of all these cost elements so that the required reporting data can be captured in XBRL.

Ministry of Corporate Affairs (MCA) - C & I Taxonomy

Though XBRL has been around for a long time its coverage in India has spread on a large scale only with the mandate of the Ministry of Corporate Affairs (MCA) in the year 2011. As per the mandate, following companies are required to submit the annual report in XBRL format, using the MCA taxonomy:

- All companies listed in India and their Indian Subsidiaries;
- All companies having a paid up capital of ₹5 crore and above
- All companies having a turnover of ₹100 crore and above.

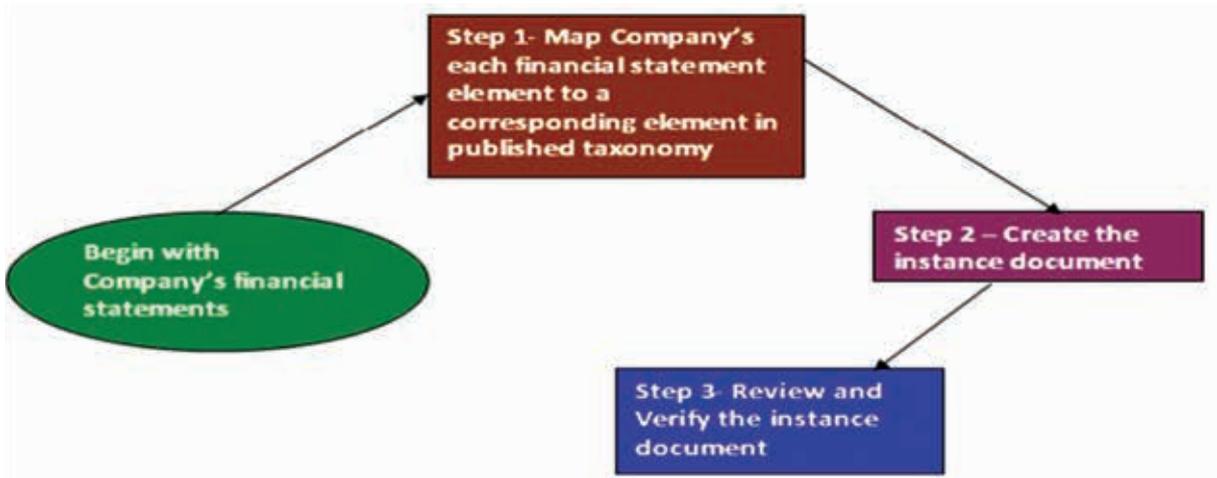
However banking companies, insurance companies, power companies and Non-Banking Financial Companies (NBFCs) are exempted from XBRL filing as taxonomies specific to their reporting requirements are not yet available.

MCA Taxonomy Structure

The base taxonomy of the MCA is the Commercial & Industrial (C&I) Taxonomy developed by the ICAI. The C&I taxonomy follows the IFRS taxonomy structure. It is based on Generally Accepted Accounting Principles (GAAPs) in India, Revised Schedule VI to the Companies Act, 1956 and Companies Act requirements.

The taxonomy basically has two types of elements.

- In-GAAP elements - Contains elements



based on Revised Schedule VI, Accounting Standards and commonly reported elements

- In-CA elements - Contains elements based on MCA specific requirements

A Closed Taxonomy approach is being followed by MCA which means that the MCA taxonomy is to be used to tag the entity's financial statements, so no extensions are allowed. Extensions are used to tag company-

specific data for which appropriate elements are not found in the standard taxonomy. In case any information is present in the financial statements for which corresponding element is not available in the taxonomy, it needs to be captured in the next-best-fit element or should be included under the corresponding 'Others' element by adding a footnote explaining the exact nature of the element.

MCA XBRL Filing Process:

The main process for MCA XBRL filing is to understand the MCA taxonomy which involves identifying the most suitable element of the taxonomy to the line item of the financial statement to be filled and creation of instance document which involves mapping the taxonomy elements to the financial statements. Finally instance document is required to be validated as per MCA requirements to ensure that all the required data has been captured.

Snap-Shot of Comparison between Major Taxonomies with MCA Taxonomy

Points of comparison	US-GAAP	IFRS	MCA
1. <i>Taxonomy Development Year</i>	2008	2002	2011
2. <i>Basis of Taxonomy</i>	US GAAP Taxonomy is based on generally accepted accounting principles in the United States (US GAAP).	IFRS Taxonomy is based on IFRSs, including International Accounting Standards (IASs), Interpretations, and the IFRS for Small and Medium-sized Entities (SMEs), issued by the IASB.	MCA Taxonomy is based on Revised Schedule VI to the Companies Act, 1956 and disclosure requirements under the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the Guidance Notes on Accounting issued by the Institute of Chartered Accountants of India.

Points of comparison	US-GAAP	IFRS	MCA
3. <i>Applicability to companies</i>	Applicable to all companies in the United States. Approximately 9,000 U.S. companies have submitted more than 50,000 filings in Extensible Business Reporting Language (XBRL).	Most of the countries keep the IFRS Taxonomy as a base by adding country or industry specific elements while developing their own taxonomy like India, UK, Singapore, etc.	As per the MCA mandate, all companies listed in India, and their Indian subsidiaries or companies having a paid-up capital of ₹5 crore or above or companies having turnover of ₹100 crore or above are required to file their financial information in XBRL format for the financial year ended 31st March, 2011 onward.
4. <i>Number of elements in the taxonomy</i>	Around 18,000 elements (US GAAP 2013)	3805 elements (IFRS 2013)	3140 elements (Indian GAAP (MCA) 2012)
5. <i>Number of entry points</i>	Multiple entry points based on sectors.	Single entry point	Multiple entry points based on sectors like C&I Taxonomy and Banking Taxonomy
6. <i>Scope and level of tagging</i>	All monetary values, percentages and numbers in notes to accounts need to be captured in each footnote. In addition to this level 3 text blocks tagging of visual tables and block tagging of each footnote is also required to be done.	All numeric data needs to be captured. Detailed foot note tagging and text block tagging are both required to be done. However there is no Level 3 tagging of visual table.	Detailed tagging should be done for the various elements in the taxonomy. In case of textual information like director's report, notes to accounts etc., text block tagging may be used subject to compliance of business rules, if any, in respect of the same.
7. <i>Documentation of financial concepts</i>	Documentation is available for all the financial concepts in the US-GAAP Taxonomy that gives detailed information about each and every financial concept making it more useful to investors and lay persons to understand the financial concept and also ensure meaningful extensions.	There is no documentation for financial concepts in the IFRS Taxonomy. But there is a Reference Linkbase that associates concepts with citations of some body of authoritative literature.	There is no documentation for financial concepts in the MCA taxonomy. But there is a Reference Linkbase that associates concepts with citations of some body of authoritative literature.
8. <i>Extension taxonomy</i>	Extensions are allowed in the US-GAAP Taxonomy.	Extensions are allowed in the IFRS Taxonomy.	Extensions are not allowed in the MCA Taxonomy.
9. <i>Completeness of tagging or Detail tagging</i>	Since extensions are allowed, there will be completeness in detailed tagging of the financial statements. Each and every value (i.e. Monetary, decimal or shares) is captured.	Since extensions are allowed, there will be completeness in detailed tagging of the financial statements. Each and every value (i.e. Monetary, decimal or shares) is captured.	Since extensions are not allowed, there will be no completeness in detailed tagging of the financial statements. If tag is not available in the taxonomy then next best tag or others tag can be used adding a footnote explaining the concept.

Points of comparison	US-GAAP	IFRS	MCA
10. Comparability of tags	Standard tags in the taxonomy help in comparability among tags of financial statements of different companies but extensions limit comparability as it is very company specific.	Standard tags in the taxonomy helps in comparability among tags of financial statements of different companies but extensions limit comparability as it is very company specific.	Since extensions are not allowed the entire XBRL document provides for complete comparability among tags of financial statements of different companies.
11. Country specific elements or regulator specific financial disclosure	There are country specific elements or regulator specific financial disclosures in US-GAAP Taxonomy as it is specifically developed for US.	Country specific elements or regulator specific financial disclosure requirements are outside the scope of the IFRS taxonomy.	There are country specific elements or regulator specific financial disclosures in MCA Taxonomy as it is specifically developed for India.
12. Mandatory tags	There are no mandatory tags in US-GAAP taxonomy. Only financial information available in the report needs to be captured.	There are no mandatory tags in IFRS Taxonomy. Only financial information available in the report needs to be captured.	The tags that are included in the MCA Taxonomy, for which values have to be necessarily included in the instance document. If there is no corresponding value for the tag, then "0" should be entered.
13. Sub-classification	Sub-classification does not exist in US-GAAP taxonomy.	Sub-classification exists in IFRS Taxonomy for better comparability among elements.	Sub-classification exists in MCA Taxonomy for better comparability among elements.
14. Label Linkbase	Company specific labels helps to easily relate to a number in the published annual reports.	Depends on the country adopting IFRS Taxonomy for its XBRL filing.	Company specific labels are not allowed to be provided as the MCA Taxonomy is fixed.
15. Presentation Linkbase	Presentation Linkbase is prepared as per the company report.	Depends on the country adopting IFRS Taxonomy for its XBRL filing.	Presentation Linkbase is fixed by MCA and cannot be changed.

The combination of IFRSs and XBRL is an ideal partnership to provide the transparency and accuracy that the world's financial markets are seeking, and with the growing adoption of IFRSs and the IFRS Taxonomy, the reach of XBRL will keep expanding around the world.

However, the need for multiple taxonomies continues to exist. Also, no single taxonomy can hope to cover the different economic scenarios in which countries all over the world function. There will always be a need for country-specific taxonomies in addition to a standard taxonomy like IFRS.

In the Indian scenario Closed Taxonomy approach followed by MCA helps in standardisation of financial data but it doesn't allow an entity to make

a complete representation of its financial statements. The taxonomy extensions help us to do that. As more and more companies are mandated by MCA to start adopting XBRL, there will be a need for extensions to make XBRL filing more complete.

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