XBRL in Tax and Government
Sponsored by the XBRL GL Working Group

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www.XBRL.org
Agenda

- Introduction
  - What is XBRL?
  - What is XBRL GL, the Journal Taxonomy?
  - Status of XBRL GL

- XBRL in Tax and Government
  - Background on standards efforts in taxation
  - The role of XBRL and especially XBRL GL
  - Beyond taxation
  - Moving forward

- Your questions
What is XBRL?

- A **worldwide** consortium of participants in the business and financial information supply chain
- Overseeing the development and maintenance of the **XBRL specification and related guidance** for business & financial reporting data
- Publishing and encouraging development of standardized, agreed-upon **taxonomies** representing IFRS, US (and other local) GAAP financial statements and tax returns, Basel II reports, and underlying ERP data
- So machines, applications, and people will exchange information (**instance documents**) using XBRL as the language of choice.
Acting Locally, Thinking Globally

- Multi-currency
- Multi-lingual
- Standards-based
Scope and role of XBRL

Processes
- Business Operations
- Journal Taxonomy
  - XBRL GL, the Journal Taxonomy
  - "Financial Reporting"

Participants
- Companies
- Financial Publishers and Data Aggregators
- Investors
- Banks
- Trading Partners
- Management Accountants
- Auditors
- Administrators
- Regulators
- Software Vendors

Financial statements
- Tax returns
- Statutory filings
- Economic Policymaking

XBRL
From Initial Transaction

ABC Sales Corp.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Qty</th>
<th>Extension</th>
<th>GST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1078</td>
<td>Blue Widget</td>
<td>200</td>
<td>2,803.78</td>
<td>20 G</td>
</tr>
<tr>
<td>1083</td>
<td>Cyan Widget</td>
<td>100</td>
<td>1,402.93</td>
<td>0 F</td>
</tr>
</tbody>
</table>

Sub-total: 47,592.33
Freight:    
Total:      47,592.33

<documentType>invoice</documentType>
<documentNumber>10037</documentNumber>
<documentDate>2003-05-02</documentDate>

<gl-cor:taxes>
<gl-cor:taxAuthority contextRef="now">A BN</gl-cor:taxAuthority>
<gl-cor:taxAmount contextRef="now" decimals="2" unitRef="AUD">20</gl-cor:taxAmount>
<gl-cor:taxCode contextRef="now">G</gl-cor:taxCode>
</gl-cor:taxes>
Through Operational Systems
Examples of XBRL GL

The XBRL GL Working Group has provided annotations for a number of sample XBRL GL 2005 instance documents. These annotations are provided for what the working group has deemed the "most significant" of the fields that are included in the sample instance documents. XBRL GL has many other fields that could be helpful in expressing the information, but have been omitted because their presence is more circumstantial.

These annotated instance document files were created for educational purposes only, do not represent real company data and we welcome suggestions on improvement.

For more information or suggestions, please contact the XBRL GL Working Group with comments or visit the XBRL International site.

http://gl.iphix.net
To Reporting

**XBRL “FR”**

```xml
<xbrl taxonomy info …>
<unit of measure info>
iso4217:usd
<context holding
date or period
2006-06-30
entity and segments
Megacorp
scenarios
actual>
facts with fact value and
pointers to above
<xbrlInfo>
<summaryReportingElement>form1120:PPE</>
</>
<xbrlInfo>
<summaryReportingElement>ci:Equipment</>
</>
```

**Dimensional Taxonomy**

**XBRL GL**

```xml
<xbrl taxonomy info>
Details underlying the 5,400 as provided in the system, and published in the instance
<xbrlInfo>
<summaryReportingElement>form1120:PPE</>
</>
<xbrlInfo>
<summaryReportingElement>ci:Equipment</>
</>
```
XBRL “Financial Reporting”

- Amounts per books (US GAAP taxonomies)
  - As reported in annual report
  - As reported in tax return (e.g., M-1, M-3)
  - As reported on statutory report (e.g., FERC Form 1, NAIC filing)
  - Why not one for all? Lower burden, easier compliance

- Tax return, statutory filing, other form or report

- Specialized features for
  - Multi-language, human readable descriptions and definitions
  - Links to authoritative guidance
  - Explicit guidance on extensibility
XBRL GL: Spans the GAP

Transactional standards

- UBL
- ACORD
- EDI

Master Files
Operational Details
Journal Entries
Trial Balances

Other “views” of data
Statutory Filings
Statistics
Tax Returns
Financial Statements
XBRL GL and Tax Planning/Compliance

- XBRL GL features (FAS 109, IAS 12)
- Tax specific accounts and entries
- Book/tax reconciliations
- Tracking permanent/timing differences
- Mapping to tax reporting lines
- GST/PST/VAT multiple taxes per entry detail line
- Payroll, fixed assets, customs and more

Accruals

Employees and Payroll

Capital Assets and Depreciation
Status

- Where we are (www.xbrl.org/GLFiles)
  - Candidate Recommendation Release in November
    - Includes the work of the Tax XML Liaison
    - Includes concepts as published in the OECD Guidance Note for the Standard Audit File – Taxation

- Adoption
  - Steps toward using the XBRL of XBRL GL, the Journal Taxonomy
    - Official
    - Informal
Background of Government Involvement

- Proprietary standards are the tradition
- Several countries developing business electronic filing when XBRL 1.0 was released
- Assessment was that XBRL 1.0 not suitable for tax filing
Organization for Economic Cooperation and Development (OECD) Interest

- Tax administrators had begun discussing idea of XML-based international data standards in OECD E-Services Subgroup
- U.S. and U.K. joint presentation recommended initiation of such an effort under OASIS in 2002
- Lead to formal establishment of Tax XML Technical Committee in late 2002
- However, tax compliance representatives had been working on Standard Audit File (SAF) standards also
Tax XML Technical Committee Work

- Original idea was to develop standards for tax administration
- Determined that work already going in most relevant areas
- Evolved quickly to identification of existing/under development standards that would best meet tax administration needs
- Found groups working on XML standards very willing to cooperate
- Included XBRL and later, XBRL GL
Role of XBRL/XBRL GL

- Electronic government for tax administrations was first filing/lodging and then a web site for forms and information.

- Next included other “e” services.

- Now tax administrators beginning to examine how to use changes in technology and the standards to enhance downstream tax administration processes.
XBRL for Lodging/Filing

- Generally speaking XBRL, with appropriate extensions, can be adopted for use in the filing of tax returns

- Different from country to country but generally is summary data with varying degrees of detail depending upon jurisdiction

- XBRL without XBRL GL does not go deep enough to support the tax audit processes
Value of XBRL GL

- XBRL GL provides supporting data to substantiate the lodging/filing
- For tax administration this makes access to the data easier and faster, leading to shorter audit cycles
  - It is the same data they currently get during audit activities
- Potential for creative service/compliance approaches
  - U.S. continuous audit program
- For business community better understanding of what is needed to support lodging/filing, less burdensome audits, shorter audit cycles
  - Eases compliance with Sarbanes-Oxley and IFRS recordkeeping standards
XBRL for Government Beyond Taxes

- Financial Reporting to many agencies in most, if not all, countries
  - Banking
  - Customs
  - Securities

- XBRL makes uniform or even consolidated financial reporting to government possible

- For non-tax financial reporting to government, XBRL GL has same advantages as for tax administrators
Current OECD State

- At Taxpayers Services Subgroup meeting in September, 29 counties unanimously endorsed Version 2.0 Tax XML position paper—among recommendations:
  - Recommend XBRL as a central standard for exchange of business/financial information for tax purposes
  - Recommend that XBRL GL be progressed to support the requirements of the OECD Standard Audit File Guidance

- Version 2.1 of XBRL GL completed with tax agency assistance (customs and income depending upon jurisdiction)

- At E-Audit meeting in November, E-Audit team endorsed long-term use of XBRL GL for audit purposes
  - Proprietary standards to fill short term needs
Country Progress

- U.S.
  - IRS
  - FDIC
  - SEC
- The Netherlands
- U.K.
- Canada
- Other
Country Progress

- Japan
- Australia
- New Zealand
- Other
What Comes Next

- Continued technical development of XBRL and XBRL GL
  - Hopefully with broader involvement of government, business and software communities

- Country/regional extensions
  - Tax only?
  - Across government?

- Strategies for adoption and implementation
What is the Horse and What is the Cart?

- Government push for more efficiency and effectiveness
  - Voluntary?
  - Mandatory?
- Business desire for lower burden and faster issue resolution
  - Contingent liabilities
  - Certainty
- Software companies waiting for answer
  - Implementation is a cost driver
Questions?

- Thank you Terry!
- Comments to xbrlgl@xbrl.org