

XBRL filing – Are you ready?

TAX

HMRC has mandated the filing of UK company accounts and Corporation Tax Returns in XBRL electronic format. Are you ready?

HMRC will require UK companies to submit both CT returns and company accounts online in an XBRL electronic format for accounting periods ending after 31 March 2010 e.g. a company with a 30 June 2010 year-end will need to file company accounts and CT returns in an XBRL format by 30 June 2011. There have been several discussion forums with HMRC on this new measure and on 30 April 2009, HMRC updated their website confirming they intend to proceed with the implementation of this measure. (Refer to HMRC's website under the 'prepare your software' section - <http://www.hmrc.gov.uk/ct/returns/online.htm>). This requirement is a direct output of Lord Carter's review of HMRC online submission services (<http://www.hmrc.gov.uk/budget2006/carter-review.pdf>).

The majority of companies are completely unaware of this 'ticking time-bomb'. The problem isn't the filing of CT Returns (tax software vendors are already working hard to ensure that tax numbers can be filed in an XBRL format) but the filing of company accounts. Almost all large and medium sized companies manually produce their accounts using MS

Word, Excel or similar applications. To comply with this deadline, companies will need to reengineer their in-house accounting processes and implement systems capable of producing company accounts in XBRL format. HMRC have stated that if organisations are unable to file both CT returns and company accounts in the prescribed format then HMRC will simply reject the submission.

Unfortunately there are very few readily available software packages in the UK market specifically designed to produce company accounts in an XBRL format. In fact there are almost no solutions for dealing with larger organisations.

HMRC require filings in XBRL format so they store information in a database format. This will allow HMRC analysts to run immediate comparatives between year-ends and companies within similar sectors. Statistics and variances will inevitably lead to more directed questions from HMRC.

HMRC have informed us that they will be contacting formally Finance Directors and Tax Directors of large organisations, to make them aware of this requirement.

KPMG's Approach

KPMG has a dedicated compliance and technology team. We have developed an approach specifically designed to help client's prepare for the XBRL filing deadline.

In brief, KPMG can offer the following:

- **Short term approach:** KPMG's XBRL Mapping Engine [XME] which allows prepared statutory accounts to be **converted** into XBRL
- **Long term approach:** implementing automated preparation of statutory accounts, including XBRL tagging.

Useful other background

The original intention was that company accounts would only need to be filed once to satisfy HMRC and Companies House. However, Companies House has decided not to mandate XBRL filing at this current time. We are informed by HMRC that they are working closely with Companies House and hope to reach agreement with regards to a single filing at some stage in the future. However, as it currently stands, organisations will need to file company accounts separately to HMRC and Companies House.

What is XBRL?

XBRL (eXtensible Business Reporting Language) is a web based computer language written specifically for business reporting. XBRL has already been adopted by various regulatory bodies in the US, Japan, Australia, Belgium and Netherlands. The aim is that all Corporation Tax Return and company account numbers will be tagged within XBRL using descriptions predefined by HMRC and by the UK GAAP/IFRS Taxonomy. The electronic file containing all the tags will need to be submitted through the Government Gateway.



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