



XBRL in Tax and Government

Sponsored by the XBRL GL Working Group

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Transforming Business Reporting

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?

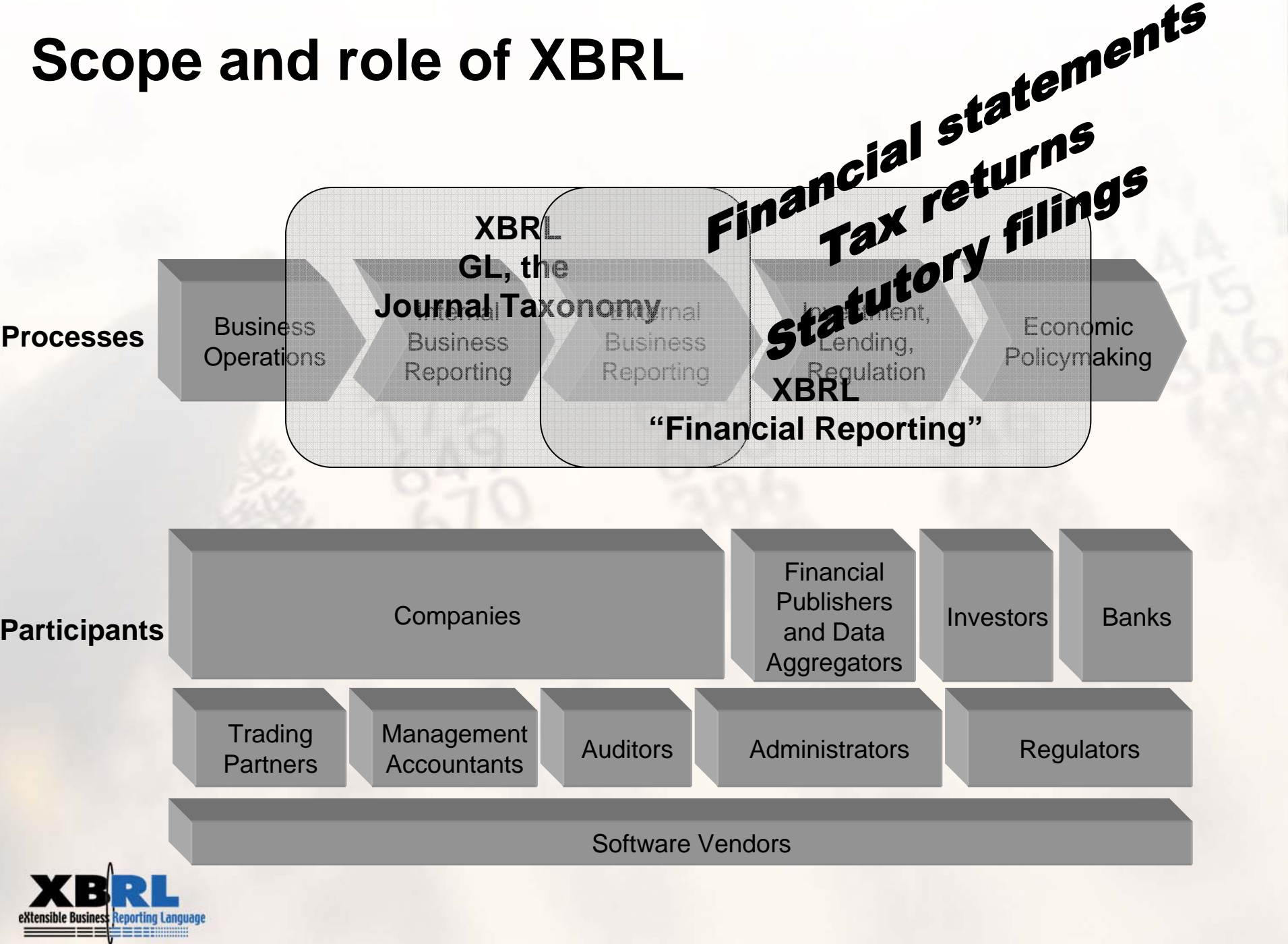
- A **worldwide** consortium of participants in the business and financial information supply chain
- Overseeing the development and maintenance of the **XBRL specification and related guidance** for business & financial reporting data
- Publishing and encouraging development of standardized, agreed-upon **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



From Initial Transaction

Invoice #: 10037 I N V O I C E May 2, 2003

ABC Sales Corp.

Item	Description	Qty	Extension	GST
1078	Blue Widget	200	2,803.78	20 G
1083	Cyan Widget	100	1,402.93	0 F

Sub-total: 47,592.33
Freight: 0
Total: 47,592.33

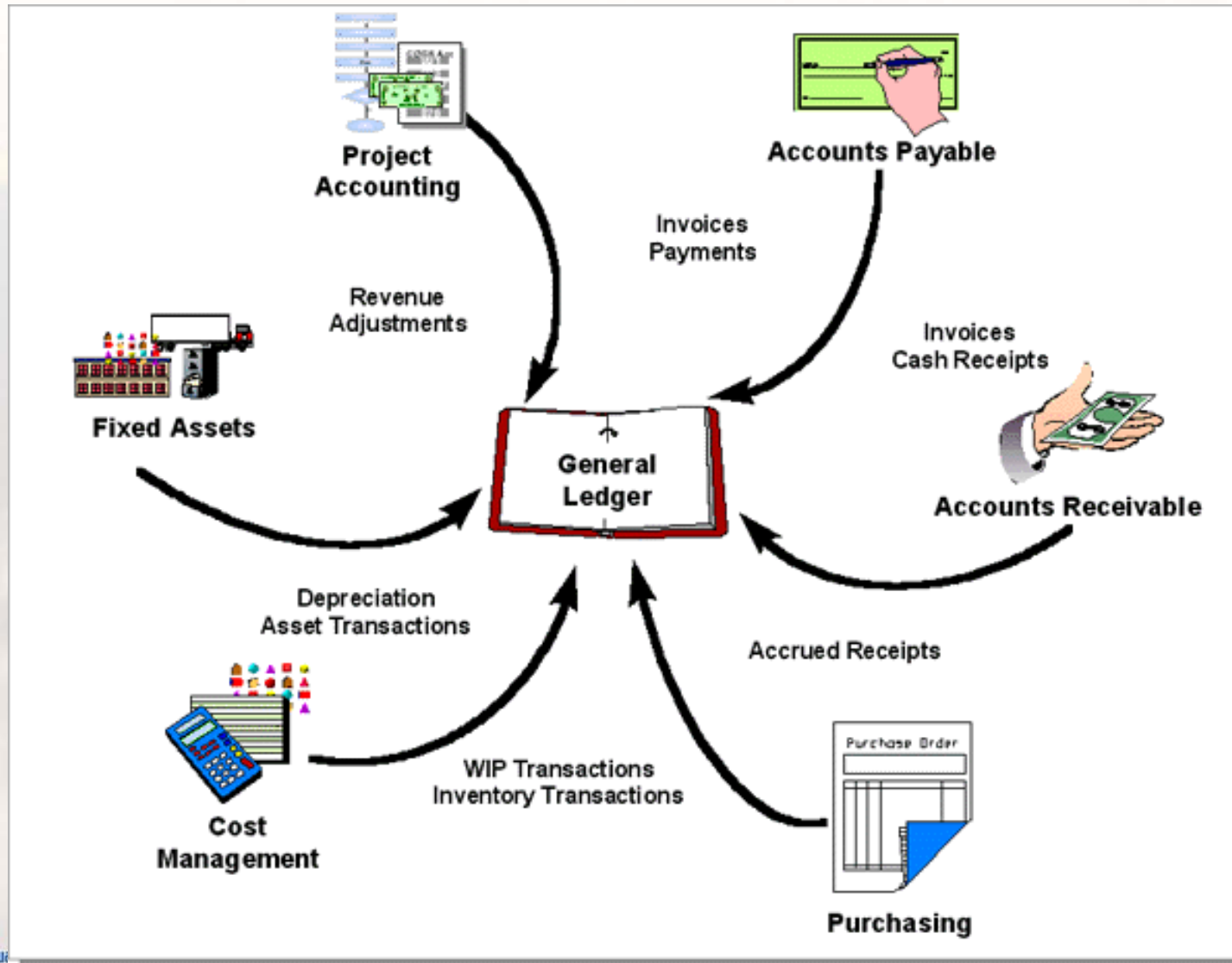
```
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  BN</gl-  
  cor:taxAuthority>  
<gl-cor:taxAmount  
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  decimals="2"  
unitRef="AUD">20</g  
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</gl-cor:taxCode>  
</gl-cor:taxes>
```

<documentType>invoice</documentType>

<documentNumber>10037</document Number>

<documentDate>2003-05-02</documentDate>

Through Operational Systems



Examples of XBRL GL

GaLaPaGoS - General Ledger Practices Guide for Study - Mozilla Firefox

File Edit View Go Bookmarks Tools Help

http://gl.iphix.net/

VOTD Woot SM MY WebCPA eg faa gm PwC ahp am GovDex Audio Bible av Fujitsu

XBRL INTERNATIONAL

XBRL
eXtensible Business Reporting Language

Transforming Business Reporting
Transforming Business Reporting
GaLaPaGoS

GaLaPaGoS - General Ledger Practices Guide for Study

Taxonomy

XBRL GL 2005

Annotated Instance Documents

Customer Order Entry/Processing
Purchase Order Processing
Job Costing
Payroll
Fixed Assets
Inventory Management
Accounts Payable/Vendor Management
Accounts Receivables/Customer Management
Bank
Management-Check/Cheque Reconciliation
General Ledger
XBRL Specific

GaLaPaGoS
General Ledger Practices Guide for Study

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 website.

http://gl.iphix.net

Developed and powered by:

Done

To Reporting



XBRL "FR"

```
<xbml 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

ci:Equipment 5,400

Dimensional
Taxonomy

XBRL GL

```
<xbml 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</>
```

```
</>
```



Securities * Tax * Statutory * Management

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

XBRL ^{XBRL FR} "FR"

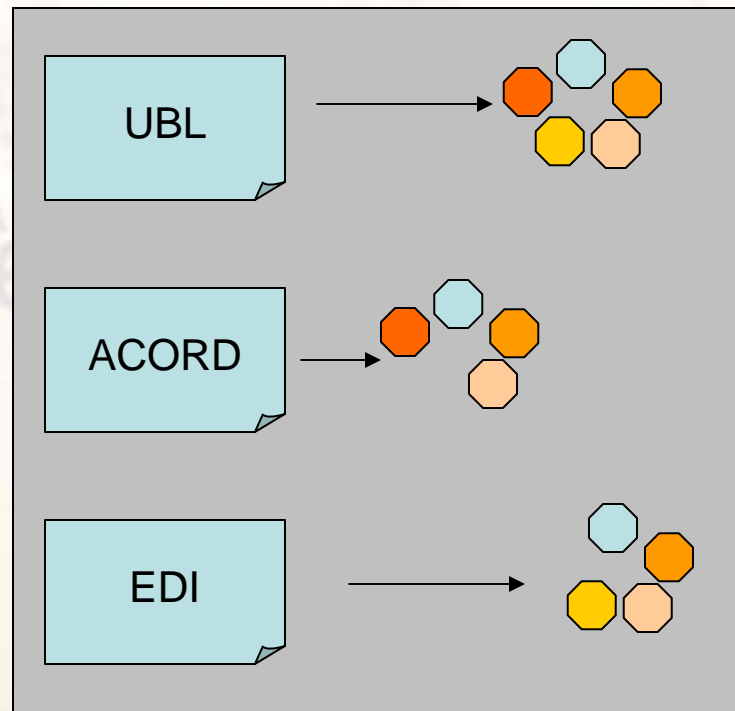
It's not

Transactional standards

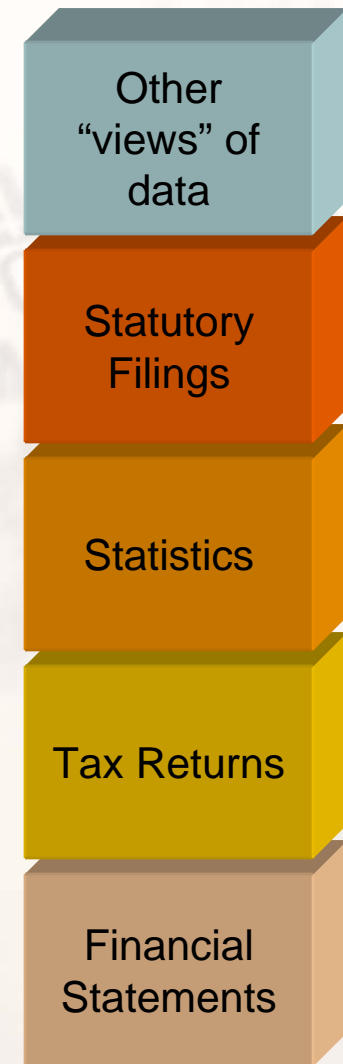


but it is

But it is



Master Files
Operational Details
Journal Entries
Trial Balances



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



**Employees
and Payroll**

Accruals



**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 countries 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