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What does the introduction of iXBRL by H M Revenue and Customs (HMRC) mean for you and how can FFT help?

The Inland Revenue has announced changes that will require companies to file financial statements and corporation tax returns online in the iXBRL format (inline extensible Business Reporting Language).

When does it come into effect?

The legislation will be in place from 1 April 2011 for any accounting period ending after 31 March 2010, all CT Returns should be filed online including financial statements and computations in the iXBRL format. In the first instance the legislation will only apply to information sent to HMRC, however it is anticipated that Companies House will follow suit and require companies to file financial statements in the same format from 2013 onwards.

What is iXBRL?

iXBRL is an electronic format for transmitting business information and financial data. The system allows information to be converted into a standard machine readable template and the iXBRL financial reporting is becoming a global standard.

Who does this affect?

Almost all UK companies will be required by HMRC to file financial statements and tax computations using the iXBRL standard. There are a very few exceptions which are published on HMRC's website.

What solutions are offered to deal with the changes?

Amongst others FFT's third party tax software provider, IRIS, have been developing software which is available in the market. Many accounting software houses are not currently compliant and do not believe they are going to make the 1 April deadline. The new software should create iXBRL tax computations and financial statements to be submitted to HMRC preventing potential rejection of your tax return.

What are the anticipated costs?

Costs of meeting the new legislation will include the additional software costs along with additional time taken to tag data and quality control the process. The time involved will vary depending on the complexity of your documents, including the number of notes in your financial statements. As a totally new concept the anticipated total cost estimates are still emerging. However in most cases, we are hopeful that this one-off charge will not exceed £150 + VAT. This will be shown separately on your bill as "iXBRL set-up charge".

What else needs to be considered?

HMRC have stated that they will be taking a lenient view in respect of iXBRL submissions in the first two years but are expecting a reasonable attempt to be made to submit documents correctly.

From April 2013, HMRC plans to increase the number of tags that can be applied to iXBRL documents considerably. Companies will also need to consider the implications of submitting financial statements to Companies House in iXBRL at that time.

How can FFT help?

We have been following the HMRC legislation and working with our software developers since the concept was introduced. We are content that we are able to offer solutions for iXBRL financial statements and tax computations for your company.

What is FFT's solution for tax computations?

We are already filing company tax returns online and have been doing for over a year, which include PDF attachments. Late last year we upgraded our software capabilities to create iXBRL computations and we have already been working with the software in order to ensure it will meet our requirements. Our selected staff will be trained to address the additional work required to create the iXBRL computations as efficiently as possible, and we will always look to ensure that the information sent to HMRC continues to be of the highest quality.

What is FFT's solution for financial statements?

Our software provider has developed a service that can convert Word and Excel format financial statements into the required iXBRL format. The service is automated to the greatest extent possible and can be tailored to our clients individual needs.

We are satisfied that our choice of software to deal with the issues and volumes of work we expect is the best choice and will be able to provide levels of accuracy our clients should expect.

We are satisfied that our estimated pricing structure represents excellent value for money in the current marketplace.

Our clients can be satisfied that we have the solutions in place to meet the new iXBRL deadline, for those tax returns that will need to be submitted shortly after 1 April 2011

How do I find out more about how FFT can help me?

We are expecting the transition to iXBRL to be dealt with almost entirely by ourselves and you should not notice any particular change in the way your accounts are dealt with. If you do have any queries or matters you wish to discuss you should contact your usual FFT partner who can discuss in more detail this transition period.

www.fft.co.uk.