



MHA MacIntyre Hudson

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Focus on

iXBRL -

how prepared are you?

From 1 April 2011, the vast majority of financial statements and corporation tax computations must now be filed electronically with HM Revenue & Customs (HMRC) in an iXBRL format.

What is iXBRL?

XBRL stands for 'extensible business reporting language' and is globally accepted as the language for describing financial statements and transactions. In its original format, it can not easily produce sets of accounts so to overcome this issue, HMRC has developed iXBRL ('inline XBRL'). This applies recognisable tags to the accounts and allows HMRC's software to process them and extract information which they can then compare and report on.

Who does this affect?

This requirement affects the majority of companies with accounting periods ending after 31 March 2010, regardless of whether financial statements are prepared under UK or international financial reporting standards (IFRS).

Limited exceptions are made for some unincorporated charities, clubs and associations which are not currently required to file statutory financial statements. More details on these exceptions can be found on HMRC's website.

What do you need to do?

iXBRL tagging is extremely complex with thousands of possible tags - and potentially many more to be introduced over time. As well as requiring the correct software, the 'tagger' must have considerable knowledge of the tagging options and an understanding of financial accounting and financial statements. They must also understand HMRC's submission rules and processes to ensure documents are accepted.

As iXBRL tagging is compulsory, there are two options available:

- Review your software package and ensure you have staff who are fully trained on implementing iXBRL, with a good understanding of the tagging structure.
- Outsource your iXBRL tagging to an organisation with the knowledge, expertise and software to ensure you are meeting the obligations.

How can we help?

MHA MacIntyre Hudson provides a full suite of outsourced advisory services across finance, HR, marketing, payroll and tax. As part of our tax offering we provide iXBRL tagging support and advice for all sizes of business - from small owner managed companies to UK subsidiaries of large, multinational corporations. We are well placed to advise you due to:

- Our investment in the best systems, processes and staff training.
- Our pricing model which is very competitive.
- Our understanding of key industry sectors and the unique requirements of each.

Should you wish to continue tagging your own financial statements, corporation tax returns and supporting computations, we can also assist in training your staff and/or quality checking the documents before submission to HMRC.

What are the penalties for non-compliance?

HMRC has said they will take a 'soft landing' approach to penalties initially where businesses make a genuine effort to comply with the new requirements. Advice and support will be available during the introductory phase but, as yet, no formal penalties have been announced. However, the usual penalties will apply for late filing, errors in the tax declared etc.

What does the future hold for iXBRL?

From April 2013 HMRC plans to increase the number of tags that could be applied to iXBRL documents. Companies House has announced that it will no longer be enforcing a deadline for iXBRL compliant submissions (previously set for March 2013) but will encourage voluntary iXBRL filing of accounts.

Contact

To find out more about the new requirements and what they mean for your business, please contact us for a no obligation initial discussion:

info@mhllp.co.uk

www.macintyreHUDSON.co.uk/offices



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