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iXBRL delay: the case for and against

Posted by John Stokdyk in [Tax](#), [Technology](#) on Fri, 04/02/2011 - 12:35

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Treasury minister David Gauke is now considering the delay option
 HMRC is keen to stick to its schedule
 AccountingWEB's online poll shows a majority supports HMRC view
 Read the arguments for and against below - then cast your vote



With the Treasury considering the pros and cons of extending the deadline for iXBRL e-filing, AccountingWEB.co.uk members, software experts and professional representatives offer ministers their advice.

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Exchequer secretary to the Treasury David Gauke is this week considering whether or not to agree to a request from six tax and accountancy bodies to [delay the introduction of mandatory online filing](#) for Corporation Tax for six months.

ICAS technical director Donald Drysdale has been strongly opposed to iXBRL since Lord Carter first proposed it in 2006, arguing that the inline XBRL (iXBRL) format decreed for the new regime is an untested technology that has never been used on this scale before.

"We're hopeful that the minister will listen to the accountancy bodies' concerns about the effect on businesses," he said.

Drysdale explained that the tax bodies' joint initiative was triggered when HMRC consulted them about guidance covering the transitional period around the 1 April iXBRL implementation date.

"The guidance was quite inappropriate and brought things to a head. It's not a competition to get HMRC to back down for the sake of it. The transition they are trying to impose is totally unrealistic. With a little tweaking, there's a compromise where the minister can stand up for reducing red tape, HMRC will not lose too much face and we can gain an advantage for business and growth."

HMRC has stood firm on its timetable, commenting: "The current plan to mandate the online channel with iXBRL for Company Tax Returns remains in place."

However industry insiders such as Digita founder Jerry Rihl acknowledged that there is a chance the minister could relent. To help him make up his mind, this article brings together some of the points raised during the past two days of frenetic debate.

If you would like to add your own views, feel free to comment at the end of the article, or choose your preferred option in our [online poll](#), which is currently showing 51% in favour of sticking to the existing deadline.

In favour of keeping the deadline as is

Ranged against the tax bodies are a number of accountants and software developers who have already put in the work to get their systems ready for the transition to CT e-filing (with Companies House statutory accounts to follow in 2013).

AccountingWEB.co.uk member Old Grey Accountant put it: "Why should we who have invested properly in our practices have bothered if the goal posts are moved for the benefit

of those who were more interested in their practice as a cash cow rather than a professional entity?" The same question could also be asked of some software developers.

In the forefront of the anti-delay faction is John Turner, CEO of CoreFiling, the company credited with inventing iXBRL to solve HMRC's dilemma about how to use the XBRL tagging system while still allowing preparers to format and view accounts the way they want. Now operating in tandem with IRIS in the accountancy marketplace, the company's software is behind the [IRIS OpeniXBRL Taxonomy](#) tool released this week.

Turner defended his turf robustly, even if he may have gone overboard by suggesting the tax bodies' letter is part of a "disinformation campaign" orchestrated by one or two large software players for their commercial advantage.

Turner, whose views are taken seriously by the Treasury, argued that HMRC's approach has been carefully prepared and communicated: "The Revenue has worked towards the mandate since 2003. The iXBRL mandate is the right policy and should accrue very significant benefits to HMRC, both in terms of administrative efficiency and focusing their investigations in the right places."

CoreFiling has invested more than £1m in developing its tools, and other suppliers have spent just as heavily to meet the deadline. Having taken the HMRC initiative seriously and met the needs of their customers, "They should not be penalised at this very late stage," he said.

In a separate post on the [AIA website](#), he added: "The 1 April date is not a deadline. It's the starting gun. There are plenty of steps that can be taken to mitigate the risks associated with the mandate."

Against extending the deadline

While they are currently in the minority, some AccountingWEB members have backed the professional bodies and spoken up for the difficulties faced by ordinary businesses and advisers.

Anne Marie Sewell commented: "My software is supposedly ready and installed but, so close after the tax deadline, my brain is not. I understand how iXBRL works, I have tried my software but... I cannot automatically prepare and file legally compliant accounts with my iXBRL software. So I have to work out how to manually tag and that is definitely not intuitive."

With only two months to go, the deadline is far too close, she continued. "I don't think we have had enough time to prepare because the software suppliers have not released the updates quickly enough. I don't blame them, I understand how much work and cost has had to be put into this. The time limit is clearly wrong. And I have only been able to realise now, as the iXBRL software is being released, just how big and difficult this change is."

Member TommyJ pointed out that at this late stage, the debate about the deadline is tending to descend into what might politely be termed "my software is better than yours" comparisons. But just having a program ready is only part of the overall solution. The real challenge will come when companies and their agents try to plug into the government gateway and encounter the kinds of quirks and exceptions that Sewell mentioned.

It's worth remembering that the plea for the delay was sparked by discussions about now to negotiate the transitional, "soft landing" period after filing becomes mandatory.

"In the last number of years I have spent numerous hours on the phone with several software houses/HMRC/Companies House trying to figure out ELS/FBI/Electronic Filing and

other software houses and I would prefer not to have to do that," said TommyJ.

To those laughing and boasting about their choice of software, he countered: "Surely we are in this together and if six of the main bodies come out and have asked for the delay I'd be happy enough to leave it another six months if it means less of those lengthy tech support calls to whatever organisation."

What the vendors say

Jerry Rihll, Digita: "We have worked night and day to ensure that our customers have a choice of Digita iXBRL solutions well before the deadline and these were released in October 2010 and December 2010 respectively (Digita iXBRL Converter for manual tagging and Digita Accounts Production for automatic tagging). I think the delay will help customers of suppliers who have been late or unable to provide a satisfactory iXBRL solution."

David Wells, CCH: "CCH has had a number of iXBRL-compliant products in the marketplace since December. All of the CCH's users will have been provided with iXBRL-compliant products ahead of the 1 April 2011 deadline. CCH's main focus has always been to ensure they have the products in advance of the deadline – but, more importantly, they can familiarise themselves with the product functionality to enable them to define their workflow processes: Both of CCH's Corporation Tax products are fully iXBRL compliant and were released to clients last year on 1 December 2010; CCH Review & Tag, a new iXBRL accounts conversion and tagging tool was released on 22 December 2010; iXBRL updates to VAP and PROcap will be released during the week commencing 7 February 2011."

Phill Robinson, IRIS Accountancy Practice Solutions (via [AccMan](#)): "The growing level of hysteria surrounding HMRC's impending iXBRL accounts requirement is a concern... We have made a multi-million pound investment in ensuring our software is fully iXBRL compliant not only in time for mandation, but ahead of schedule, and we are not alone in this. Many other software vendors have also made commitments to support this new standard, and have had products available on the market for some time... Many of our customers have developed such an understanding of iXBRL that they have taken it upon themselves to develop new business practices in support of the technology... As a result, we would strongly recommend that HMRC maintain its current implementation timetable."

Tim Good, Absolute Accounting: "I really don't see what the problem is with the current implementation programme, especially given HMRC's soft landing approach. If you read the letter to David Gauke, all that the professional bodies are asking for is a six month delay in mandatory iXBRL accounts filing and an extension to the soft landing regime thereafter."

David Forbes, Forbes Computer: "HMRC have already said there will be a soft landing. If the accounts coming in aren't tagged up quite as much as they should be the HMRC could be very lenient for the first few months... and let's face it you would think accounts production software should know what it is putting in the accounts, so identifying turnover, profit etc. shouldn't be too hard. A short term relaxed tagging requirement would bring down the cost of manual tagging too. If a vendor is running behind schedule and by April only 80% of the items will be tagged, maybe the HMRC should just say that is good enough for the first few months (after all it is 80% more than they currently get with a PDF)."

Neil Douglas, Eureka Software: "One thing I cannot accept is that accountants are going to be excited about tagging accounts themselves. I looked into this two years ago with some tagging software on trial and found it tedious and time-consuming. Seems to me the best solution would be to make it optional, but with some sort of incentive for

people who do file in iXBRL (similar to the PAYE discount scheme) for 12 months or so. I can't say I would too chuffed with that having spent 2-3 years working towards 31 March 2011 but there you go. Worse things in life."

Sage declined to comment on this issue.

A parting shot

Henry Ejdelbaum, partnership managing director of AIMS, a firm that uses Digita's system, took a step back from the short-term panic about the compliance deadline and argued that in the long run iXBRL will make life easier for business as well as HMRC.

"Because of a general mish-mash of information surrounding iXBRL, the focus has been on the burden of introducing iXBRL rather than the benefits of a sensible concept that is already working well in other European countries. We need to ensure that the messaging is right and that the profession sees iXBRL as more than just another government initiative in an over regulated environment. Let's not forget that some regulation is useful."