



corporate | iXBRL accounts and other electronic filing

team



David Cox
Partner
020 7969 5564
dcox@haysmacintyre.com



Ian Cliffe
Partner
020 7969 5531
icliffe@haysmacintyre.com



Natasha Frangos
partner
020 7969 5663
nfrangos@haysmacintyre.com

new electronic format for accounts from next year

From April 2011, HMRC is making it compulsory for organisations to file company accounts, tax returns and computations in an electronic format called iXBRL – inline eXtensible Business Reporting Language. This will affect all organisations that currently file corporation tax returns and could be a significant issue for organisations who currently prepare their accounts in Word or Excel.

iXBRL is a language written specifically for business reporting. It facilitates the electronic exchange of business and financial data, which should allow HMRC to automatically collate and analyse the numbers submitted. The inline version is a format which is designed to be read by people as well as by machines. Essentially the figures included in the iXBRL file are “tagged” so that they can be identified electronically.

The new rules, which apply for accounting periods ending after 31 March 2010 (filed from 1 April 2011), will apply to all organisations which currently submit a corporate tax return, regardless of size, meaning all organisations will need to review their systems to ensure they can produce the required iXBRL files. Most tax returns and computations are already prepared by accounting firms using compliant software, however the big issue is with the large number of accounts currently prepared by organisations themselves. HMRC are introducing this requirement to reduce processing costs and the easier collection of data. In theory these efficiencies will benefit taxpayers and organisations will benefit from improved online filing. However there will certainly be short-term pain for the majority of organisations that need to change the way they prepare their accounts.

Accounts produced in Word or Excel will not be iXBRL compliant and organisations will now need to determine how they prepare accounts. HMRC has said that if organisations are unable to submit both corporation tax returns and company accounts in the prescribed format, it will reject the submission, and offenders will be treated as having not filed their returns at all. This could mean penalties and pressure from the authorities to comply.

what to do

If you are currently preparing your accounts on Word or Excel, what are your options?

there are three approaches:

- you convert your Word statutory accounts into iXBRL and tag the data; or
- we prepare your accounts using our iXBRL compliant software; or
- you buy an iXBRL compliant accounts preparation programme.

first approach

The first approach may be cheaper but the converting and tagging may be time consuming and introduces a significant risk of error. It is expected that commercial software will be available in the Summer that allows you to convert and tag, but to date we don't know how user-friendly or expensive these will be. IT companies will also offer this conversion and tagging as a service, but again we don't know how much they will charge.

second approach

The second approach would ensure that the accounts are prepared in the necessary format, would reduce the risk of errors and may actually be more cost effective. We currently prepare over 500 sets of accounts on "CaseWare". This service includes a number of benefits including:

- iXBRL compliant accounts and automatic tagging;
- a user-friendly system which means making changes to accounts is easier and quicker;
- a format that helps ensure compliance with company law and accounting standards;
- the reduction of typographical errors; and
- the production of consolidated or abbreviated accounts at the click of a button.

third approach

The third approach is likely to be the most expensive and is only really appropriate for companies preparing a large number of accounts. The licence and training costs mean that this is not a cost effective solution for most organisations.

what about the accounts filed at Companies House?

The intention is that company accounts will only need to be filed once to satisfy HMRC and Companies House. However, at present, Companies House has decided not to mandate iXBRL filing. Companies House will accept iXBRL accounts for unaudited accounts from the summer of 2010 and are developing their systems to accept other accounts in the future.

We understand that HMRC are working closely with Companies House, but as it stands organisations will need to file accounts separately at both.

what about other documents filed at Companies House?

Each year Companies House receives approximately eight million separate documents for filing from the two million registered organisations. It is therefore no surprise that they are now actively encouraging companies to file documents electronically.

Companies House now accept electronic filing of a number of documents through their WebFiling service. The documents that can now be filed electronically include:

- annual return
- change of registered office address
- change in accounting reference date
- director and secretary changes
- dormant accounts
- return of allotments of shares

To use the WebFiling service the company must first register online and Companies House will send through the necessary security codes.

Our Company Secretarial systems are compatible with Companies House and therefore we are able to utilise the Companies House "Software Filing" service when we file documents on clients' behalf. This "Software Filing" service is open to everyone, but will be of most benefit to those who file on a daily or weekly basis.

What else can I file electronically at HMRC?

HMRC offer a wide range of online services which allow you to:

- access real time accounts and amend information such as contact details
- submit tax, excise and other returns and pay electronically.

The following can be filed electronically:

- corporation tax returns and computations
- EC sales lists
- PAYE returns
- personal tax returns
- stamp duty land tax returns
- VAT returns

It should be noted that almost all employers are now required to file their Employer Annual Return (P35 and P14s) online at the end of the tax year, and it is gradually becoming compulsory for employers to file certain in-year PAYE forms online, including the employee starter and leaver information contained on forms P45 and P46.

HMRC are also phasing out paper VAT returns. From 1st April 2010 you will have to submit your VAT returns online and pay any VAT electronically if you have a turnover of £100,000 or more. All VAT registered businesses will have to file online by 2012 at the latest.

about haysmacintyre

haysmacintyre, Chartered Accountants and tax advisers, comprises 23 partners and 160 staff based in Holborn, London. It provides high quality auditing and assurance, business and personal taxation, corporate finance, financial planning and other business support services.

Around 50% of the firm's business is within the corporate sector – small and medium sized enterprises, many of which are in the property, media and entertainment, technology, sports and business services sectors. The firm acts for a number of listed companies and assists new companies raise initial funds on the capital markets and through private equity. 35% of the firm's business is for charitable and not for profit organisations and the remainder is for professional practices and private individuals – whether senior executives, entrepreneurs or those with significant land or wealth at home or overseas.

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