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INTERNATIONAL STANDARD BUSINESS REPORTING GOES FROM STRENGTH TO STRENGTH



Another step towards standardising international financial reporting has been taken. On 14 May 2008, the US Securities and Exchange Commission (SEC) announced their recommendation for mandatory filing based upon interactive tagged data (eXtensible Business Reporting Language, or XBRL) at an Open Committee Meeting in Washington, DC.

The SEC's proposed rules apply to domestic and foreign companies using the US Generally Accepted Accounting Principles (US GAAP), beginning next year for the largest companies, and within three years for all public companies. Foreign private issuers using International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Boards (IASB), will also begin within the next 3 years. The proposed US rules mandate XBRL as a supplementary filing format, in addition to the present electronic filing in ASCII and HTML format.

The Netherlands and Australian Standard Business Reporting (SBR) programs have utilised a different approach that does not require multiple filing.

Focussing on reducing regulatory burden, the SBR programs use standards-based methods, including XBRL, to decrease the cost, time and effort of reporting to government.

In the Netherlands, companies that file XBRL reports will be exempt from having to lodge traditional (electronic) documents. Australia is also looking to ensure that the filing of XBRL documents will lead to a reduction in reporting burden.

The Netherlands and Australian governments are working directly with software developers, intermediaries and business to enable SBR reporting to become a by-product of the information already in the businesses' software. Doing so enables XBRL to be used not only for reporting to multiple regulators, but also for improving internal reporting and analysis.

In the Netherlands, the SBR program already provides the XBRL definition for reporting to the Tax department, Chamber of Commerce and the Central Bureau of Statistics. In Australia, SBR will provide the XBRL definition for reporting to the participating Commonwealth, state and territory government agencies.

Following The Netherlands' and Australia's lead, the New Zealand Government has announced funding to undertake a cross-government investigation into introducing and implementing SBR. The initial focus will be on agencies dealing with financial reporting. New Zealand will also look at the implementation of a Single Business Number (SBN).

Filing in XBRL to multiple regulators, banks, credit risk institutions, and others has the potential to reduce the administrative burden for companies. The steps taken in the US by the SEC should encourage other regulators to cooperate. Not only will it assist the investment community, but also the economy as whole.

In The Netherlands, where XBRL filing is already possible to multiple regulators, multi-national Dutch companies who have to file XBRL reports to the US will find they have been well supported by the SBR project team.

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