



# Comprehending Inline XBRL Filing

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**A Starter Guide for SEC Filers**

July 2016

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## Inline XBRL: The SEC's move to Data Usability

The U.S Securities and Exchange Commission (SEC) is not new to XBRL or eXtensible Business Reporting Language. The mandate for submitting structured financial statement data to the SEC has been in place since 2009. Since then, U.S public companies have been preparing their quarterly report (10-Q) and annual report (10-K) in both formats - EDGAR-compliant HTML and XBRL. In addition to public companies, mutual funds too are required to file their risk-return summaries in both these formats to the SEC.

The dual format reporting caters to the needs of humans as well as machines. While XBRL was introduced by the SEC to make data machine-readable via specialized applications for further analysis, the EDGAR file was continued to keep the 'viewability' intact since XBRL lacked the flexibility and ease of use provided by HTML.

XBRL adoption has been steadily increasing around the world due to the several business advantages it provides over other data standards. However, as XBRL got more popular among user groups such as preparers, reviewers and consumers, there was an increasing need for a more simple view of information. This resulted in the development of the Inline XBRL Specification<sup>1</sup>. Inline XBRL is a file format that builds on XBRL, except that it hides all its technicalities and presents the user with a well formatted HTML document replicating the source document.

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*A single Inline XBRL document can serve the purpose earlier achieved with two files – HTML and XBRL.*

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Additionally, inline XBRL also provides other benefits such as transparency and easy access. Keeping this in mind, the SEC announced on June 13, 2016 that it will allow companies to voluntarily file their financial statements in inline XBRL or iXBRL. And while this will be a voluntary filing until March 2020, it is beneficial to be aware of this change and the impact it could have on filing companies.

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## Understanding the Change

As the SEC opens up to accept iXBRL reports in place of native XBRL instance documents, filers need to understand its impact on their current processes. It would be in the filers' best interests to prepare themselves well in advance in order to be ready for the new compliance requirement.

And while the filing is voluntary for now, we recommended that companies start creating iXBRL documents as soon as possible. This will not only help them set up

### Notes:

<sup>1</sup> Inline XBRL, or iXBRL, provides a mechanism for embedding XBRL tags in HTML documents. This allows the XBRL benefits of tagged data to be combined with a human-readable presentation of a report, which is under the control of the preparer.

<http://specifications.xbrl.org/spec-group-index-inline-xbrl.html>

### WHAT Has Changed?

- Inline XBRL will be treated as the official filing.
- Traditional XBRL instance is not to be filed as part of interactive data.

### WHY Should You Do It?

- Be ahead of the curve.
- No need to prepare two documents for submission.
- Increased efficiency and cost-effectiveness.

### HOW Should You Do It?

- Use software that is iXBRL compliant.
- Continue your current process of tagging.

internal processes in time for the final mandate, but also realize early benefits from having adopted iXBRL.

With the move to allow iXBRL filing, the era of dual format reporting will soon come to an end. This is a positive move especially for filers, since it makes the compliance process easier and cost-effective. Additionally, some filers have felt the need to extend their taxonomy only to accommodate the presentation of data in a certain manner. With iXBRL, these filers need no longer do that, thus improving the quality of data in their filings.

## 3 Key Reasons iXBRL is Good For You?

Any change brings with it a certain amount of uncertainty and disruption. When XBRL was first introduced by the SEC in 2009, filers might have been apprehensive, but 7 years later they have accepted the standard and are aware of the positive changes it has brought in. Similarly, though iXBRL may seem like a change, we are confident that its advantages far outweigh any short-term challenges it presents.

### 1. Document Creation Process

Up until now, you have been creating both HTML and XBRL files for submission. Those of you who work with service providers rather than using an advanced disclosure management platform, prepare your financial reports in a chosen document format (MS Word or Excel) and send it to your service provider. The service provider then prepares the EDGAR-compliant HTML file while the XBRL document gets prepared separately.

This dual process to get both versions of the documents ready tends to be tedious and error-prone since any change in the financial report requires corresponding changes to both the EDGAR HTML and XBRL documents. The process can be even more time-consuming, costly and inefficient if the EDGAR service provider does not have any support or application for creating XBRL documents.

And while there has been a steady move towards self-filing i.e. using a disclosure management system that can generate both these formats, there are several companies that continue to opt for service providers such as printers and filing agents. Many printers and filing agents have, in turn, taken the initiative to support XBRL creation internally, rather than further outsourcing the job.

iXBRL eliminates the dual process of getting both document versions ready.

With iXBRL, the final output is the HTML itself after embedding the XBRL tags and creating the company taxonomy. Therefore, all the filers following a dual process of getting documents ready will be positively impacted by the advent of iXBRL.

However, for companies using single-source disclosure management systems such as **IRIS CARBON™** that can generate both XBRL and EDGAR HTML or even inline XBRL, the process for filers would remain the same as shown in the flowchart.

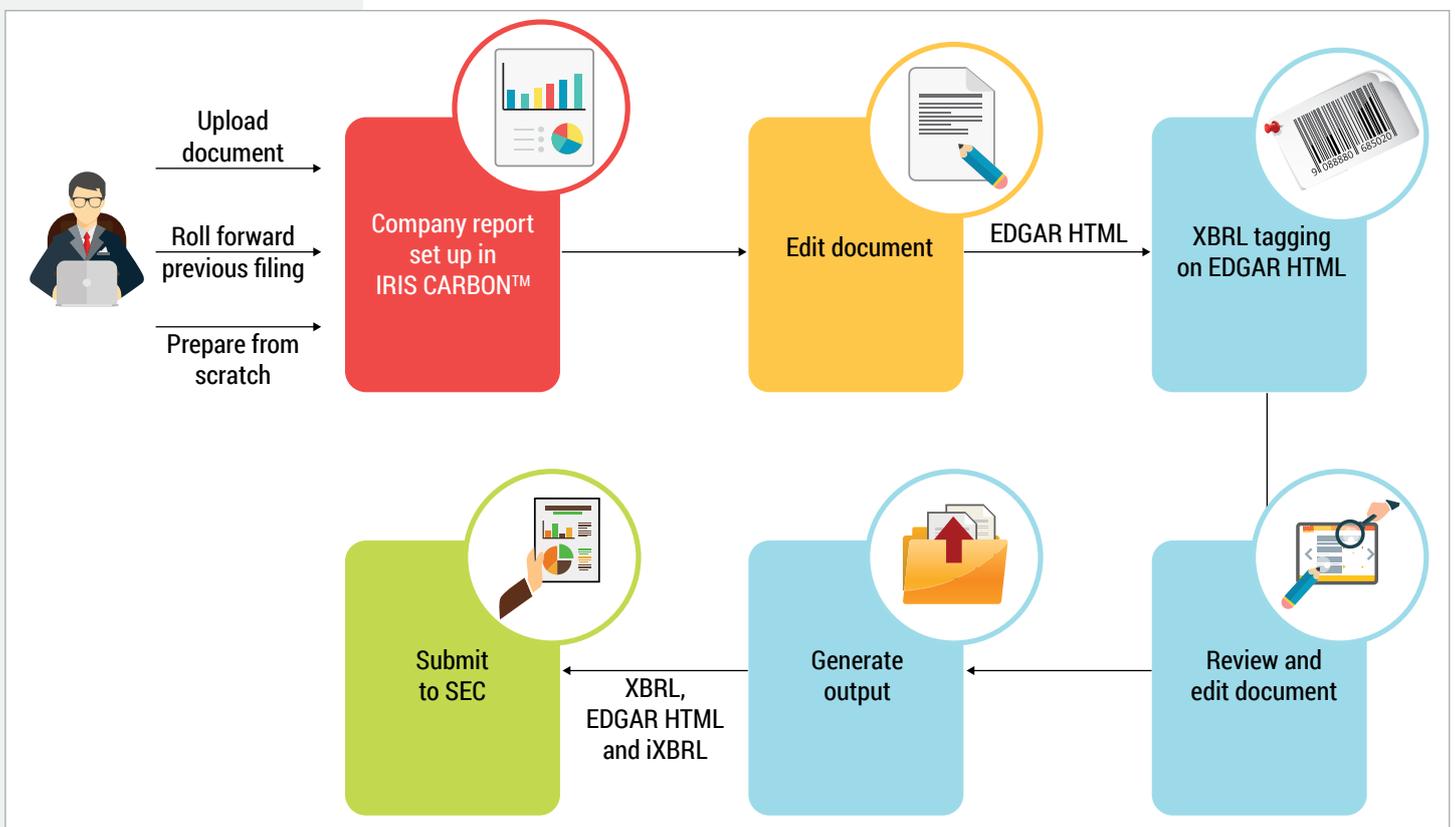


Figure 1: Process for Filers using Disclosure Management Solutions



## 2. Compliance Time and Cost

The dual process requires you to create, review and maintain both the XBRL and HTML documents. The task of keeping these documents identical and aligned is time-consuming and resource intensive. With iXBRL, you will realize time as well as cost efficiencies since you need to review and edit only one document instead of two. The review process would also be efficient as the human and machine-readable data would be available in the same document.

## 3. Data Quality

The process of preparing two parallel documents also tends to be error-prone. We have come across many examples where data in the XBRL and HTML files do not match leading to poor filing quality. iXBRL will be the single source of data and will replace the need for two separate documents. This will not only reduce errors arising from mismatch in HTML and XBRL versions but also those from omission of facts being tagged, incorrect signage etc. With iXBRL, you can expect better data quality in filings.

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## iXBRL Tagging: Things to Watch For?

As mentioned earlier, iXBRL is a source HTML document which has the XBRL layer hidden beneath. Since the tagging is done on the source, filers need to be cautious when tagging repetitive facts or including facts which do not appear in the source.

### 1. Tagging Duplicates Facts

In any financial statement, the same information or data point is often found in multiple places, for example, in the main statements and again in the notes to accounts. The information could appear the same or be in different scales. Also, when it comes to non-numeric details, varied styles could be followed making them appear different. In such cases, there is scope for duplicate information to be tagged. And while the ideal scenario is to avoid duplicate tagging, it might be unavoidable in some cases. The XBRL application needs to handle duplicate facts while transforming inline XBRL to XBRL for validation purposes.

### 2. Tagging 'Invisible' Data

Inline XBRL is driven by the source HTML. There might be instances where data is not shown on the HTML document but needs to be tagged in XBRL so that machines can consume the data. For example, par value for common stock or preferred stock is generally given only for the current period but the corresponding data for the previous period also needs to be extracted in the structured data format. Filers need to be aware of this.

### **3. Not Tagging What's Visible**

While preparing an inline XBRL report, all the information as per the scope and level of tagging needs to be tagged. Filers need to ensure that there is no important information left untagged. If a piece of information is not identified using an XBRL tag from the taxonomy, the untagged information, though visible on the face of the HTML document will not get extracted as XBRL data.

### **4. Aligning Value Formats**

The HTML report of an SEC filing is defined by each entity's reporting style and hence several variations in spellings, letter case, writing style etc. can be found for the same reporting element. The date format can be different for different entities while some information which is usually descriptive in the source document could be defined as a granular element in the XBRL taxonomy. For instance, the HTML states the filer category as "Large accelerated filer", while the value expected in the XBRL document is "Large Accelerated Filer".

In inline XBRL tagging, the value formats need to be aligned so that when the XBRL data is extracted from the inline XBRL document, it conforms to the format specified in the XBRL taxonomy.

### **5. Reversing Value Signage**

A paper format or HTML presentation of a financial report has items of expense such as cost of goods sold, income tax etc. shown in parenthesis to indicate that these are deducted to arrive at the next sub-total. However, XBRL has the ability to separate the presentation layer from the calculation layer i.e. the way the information is captured for calculation versus presentation. Hence, while preparing an XBRL document, the preparer should keep in mind that the sign of a numeric fact should be inverted only when balance type of the element is inconsistent with the reported concept.

With inline XBRL, since the presentation aspect of the report is taken care of, errors due to wrong signage should be significantly reduced, if not eliminated. However, filers should be cautious of scenarios where the sign for the value needs to be inverted and ensure that correct signs are assigned to values.

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## SEC's Order on iXBRL Filing: 8 Points to Remember

Here are some key points about the SEC's order on iXBRL filing:

1. The scope and level of tagging disclosures remains the same.
2. The form types which can be submitted in iXBRL are primarily the financial statement data forms, which include 10Q, 10K, 20F, 40F, 6K and 8K.
3. Filing in iXBRL is voluntary for now and companies that file in iXBRL would be exempt from filing the XBRL instance.
4. The company extended taxonomy which consists of schema and linkbases needs to be submitted along with the iXBRL document.
5. The SEC will be making the relevant software available for viewing of iXBRL data and also for generating XBRL instances from the iXBRL filing.
6. The SEC has released the updated version of the Edgar Filing Manual.
7. Inline XBRL tagging doesn't require any change in taxonomy or information that is to be tagged. Hence, any automated process such as analysis based on XBRL reports will not get affected.
8. The technical syntax and requirements provided in the revised [EDGAR Filing Manual](#) and [Inline XBRL 1.1 specification](#) need to be complied with for creating a valid iXBRL document.

*The formal advent of iXBRL heralds good times for improvement in data quality and also for increasing the use of XBRL data by investors, companies and other stakeholders. While the XBRL data consumption space is still largely untapped, iXBRL could change that, allowing for wider acceptance of XBRL data in areas such as investor relations, corporate benchmarking and analysis.*

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### In Summary

For filers, inline XBRL will make the compliance process less tedious and economical by removing dual-format submissions. Though initiated as a voluntary activity, it is recommended that more and more filers get started with their iXBRL submission to get the best out of it, sooner rather than later.

The SEC has been increasingly focusing on data quality. Apart from easing the dual filing burden on companies, the formal advent of iXBRL heralds good times for improvement in data quality and also for increasing the use of XBRL data by investors, companies and other stakeholders. While the XBRL data consumption space is still largely untapped, iXBRL could change that, allowing for wider acceptance of XBRL data in areas such as investor relations, corporate benchmarking and analysis.



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## About IRIS

IRIS Business Services Limited is a leading structured data solutions company with global presence in regulatory and compliance reporting software. The firm is uniquely positioned with offerings across the spectrum of creation, management and use of structured data in the realm of business and financial reporting. IRIS serves a client base that includes regulators in over a dozen countries around the world, leading banks, financial market intermediaries, consulting firms, financial printers as well as large and small enterprises. Our partner network includes the Big 4 accounting firms, system integrators and specialized software and consulting firms that use IRIS' products and expertise to enhance their offerings to end clients.

Learn more about us at: [www.irisbusiness.com](http://www.irisbusiness.com)

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