



FINANCIAL ACCOUNTING STANDARDS BOARD
U.S. GAAP Financial Reporting Taxonomy
Efficiency and Effectiveness Review Report

(As submitted to the U.S. Securities and Exchange Commission [SEC] on November 16, 2017, in Response to the SEC Order Regarding Review of FASB Accounting Support Fee for 2017 under Section 109 of the Sarbanes-Oxley Act of 2002 [Securities Act of 1933, Release No. 33-10297/January 31, 2017; Securities Exchange Act of 1934, Release No. 34-79912/January 31, 2017])

THE U.S. GAAP TAXONOMY AND THE FASB'S ROLE

The U.S. GAAP Financial Reporting Taxonomy (Taxonomy) is a list of computer-readable tags in eXtensible Business Reporting Language (XBRL) format. The Taxonomy allows companies to tag and depict relationships within the hundreds of pieces of financial data that are included in typical long-form financial statements and related disclosures. The tags allow computers to automatically search for information and assemble data so those data can be readily accessed and analyzed by consumers of financial data such as investors, analysts, and others.

The major responsibilities assumed by the FASB in 2010 that have a direct effect on a public company's reporting of its information in a structured and interactive format include:

1. **Keeping the Taxonomy current and aligned** with (a) the *FASB Accounting Standards Codification*[®] (Codification),¹ including U.S. Securities and Exchange Commission (SEC) material referenced in the Codification, (b) presentation and disclosures commonly made in practice and derived from the Codification that are consistent with U.S. generally accepted accounting principles (GAAP) and reflect common practice, and (c) technical corrections based on stakeholder feedback
2. **Publishing the revised Taxonomy as an Annual Update** with materials including Taxonomy documentation and technical guides as well as other documents to support the annual transition, ongoing implementation, and use of the Taxonomy for individuals and entities that use GAAP
3. **Communicating the changes in the Taxonomy** by delivering a set of release notes with each Annual Update that documents the changes between the current and the previous Taxonomy to assist companies and users in migrating to the updated version of the Taxonomy
4. **Ensuring an open process** throughout the year that includes the active participation of any interested parties, including a formal annual public comment period (a period between 30–60 days)
5. **Testing** each Annual Update with a variety of validation checks and test cases to ensure compliance with the applicable XBRL specifications, Taxonomy architecture, and Electronic Data Gathering, Analysis, and Retrieval (EDGAR) Filer Manual rules.

PURPOSE OF THIS REPORT AND THE ASSESSMENT PROCESS

The FASB assessed the Taxonomy in response to the SEC's request on January 31, 2017.² Specifically, the Commission requested "that the FASB conduct an assessment of the efficiency and effectiveness of the U.S. GAAP Financial Reporting Taxonomy and report the findings, including suggested improvements, to the Commission. . . ."

¹The *FASB Accounting Standards Codification*[®] is an advanced application that allows users to access complete authoritative U.S. GAAP. It is the sole source of authoritative U.S. GAAP other than U.S. Securities and Exchange Commission (SEC) issued rules and regulations that apply only to SEC registrants.

²United States of America before the Securities and Exchange Commission, "[Order Regarding Review of FASB Accounting Support Fee for 2017 under Section 109 of the Sarbanes-Oxley Act of 2002](#)" (Securities Act of 1933, Release No. 33-10297/January 31, 2017; Securities Exchange Act of 1934, Release No. 34-79912/January 31, 2017).

The purpose of this report is to provide observations and suggested improvements in response to the SEC’s request. The FASB’s implementation of several of the suggested improvements would need to be coordinated with SEC staff.

In developing this report, the FASB staff solicited broad stakeholder feedback on which aspects of the Taxonomy and supporting processes, if any, should be improved and their relative priority. The FASB staff developed and issued an Invitation to Comment, *U.S. GAAP Financial Reporting Taxonomy—Efficiency and Effectiveness Review*, in May 2017, considered comment letters on that Invitation to Comment, sought input from FASB advisory groups and other interested stakeholders, and conducted a public roundtable with FASB members in July 2017.

OBSERVATIONS—THE EVOLUTION OF THE TAXONOMY

Since inception of the program, over 151 million³ pieces of financial data cumulatively have been tagged by filers using the Taxonomy. This is a large volume of structured financial data that were not previously available to data users in such an easy-to-access format. At the same time, the average filer contribution to this total is approximately 800 tagged pieces of financial data per filing.

In the Taxonomy, there are approximately 13,000 elements available for registrants to tag their reported facts. Ninety-five percent of the reported facts come from approximately 4,000 elements (or approximately 31 percent of the elements). The size of the Taxonomy was influenced by the fact that it was originally built to (a) include all necessary elements to meet GAAP reporting requirements and (b) cover common reporting practice. The purpose of including common reporting practice elements in the Taxonomy is to provide registrants with elements that correspond to the different ways in which companies comply with GAAP, not to force uniform reporting.

Despite the large volume of data that are used and available, past observations would suggest that the quality of the data can be improved, perhaps in significant ways. On the basis of the outreach performed by the FASB Taxonomy staff in 2014 with more than 40 stakeholders (including registrants and data users), the following topics have been given top priority to improve the usability of the Taxonomy.

Top Registrant Priorities	Top Data User Priorities
<ul style="list-style-type: none"> • Taxonomy navigation concerns • Inconsistent modeling across the Taxonomy • Multiple ways to tag the same facts 	<ul style="list-style-type: none"> • Inconsistent modeling across the Taxonomy • Multiple ways to tag the same facts • Extension management • Granularity

³As queried against the XBRL US SEC filer database, includes all distinct facts reported for both Taxonomy and extension elements since inception of the program through December 31, 2016; over 150 million distinct facts reported including approximately 26 million using an extension element.

Many of these priorities can be traced back to the taxonomy development, which was initially tested with a limited amount of data through a voluntary filing program. This testing could not forecast the complexity, variability, and consequences of over 6,000 registrants and multiple service providers using the Taxonomy that exists today.

The FASB Taxonomy staff has made improvements within its scope of responsibilities since the initial taxonomy development. Those improvements included tactical steps and strategic changes to alleviate the issues identified from stakeholder feedback, as well as other improvements identified by the FASB Taxonomy staff. From a strategic perspective, with input from other stakeholders, the FASB Taxonomy staff made substantial progress in improving and codifying design principles that provide fundamental guidelines for the modeling of the Taxonomy.

The steps taken by the FASB Taxonomy staff to address the feedback from stakeholder outreach have essentially been completed. For example, the project of removing low-use elements was substantially completed in the 2016 Taxonomy. However, several design issues remain unresolved and inconsistencies continue to exist in the Taxonomy. Without further development of design principles and disruption to the Taxonomy, additional progress in this area is limited. Other projects are underway, but the timing of their completion is dependent on the availability of additional resources.

AREAS FOR IMPROVEMENT

Three areas for suggested improvements emerged from the FASB's assessment. The improvements focus on increasing the benefits to investors and other financial statement users while decreasing the costs incurred by registrants to provide the data. Suggestions within each of those areas are provided below.

The first area relates to how structured financial data are consumed by investors and other financial statement users. The suggested improvement in the first area would benefit investors by increasing the usability of the information. That, in turn, would allow investors to more efficiently consume and understand the information and to spend less time manually scouring and standardizing the information. Increasing the usability of the information also could further investor confidence in the information. Reducing the time needed for investors to consume information and increasing investor confidence both help to support an efficient capital market.

The other two areas involve ways to improve registrants' use of the Taxonomy. The suggested improvements in these two areas would benefit registrants by reducing their costs to tag the data. Those cost reductions could be gained by (1) simplifying the process for how registrants identify appropriate elements to tag their financial information and (2) supporting registrants' use of the Taxonomy through education and implementation tools.

Suggested Improvement 1: Increase the usability of XBRL reported financial information to allow investors and other financial statement users to more efficiently consume and analyze entity-specific financial data pieces.

There are two enhancements to the Taxonomy that could increase the usability of the data provided to investors and other financial statement users.

1. Address “extensions”
2. Resolve design principles in the Taxonomy.

Address “Extensions”

The Taxonomy was originally built to (1) include all necessary elements to meet GAAP requirements and (2) cover common reporting practice. The purpose of including common reporting practice elements in the Taxonomy is to provide registrants with elements that correspond to reporting diversity. Many aspects of those data are structured into standardized pieces that are accessible and can be efficiently analyzed by humans or software. Other aspects of those data are sufficiently specific to a registrant (called entity-specific disclosures [ESDs]) and are included in the registrant’s electronically reported financial information as an “extension.” Approximately 17 percent of the pieces of financial data are tagged with extensions by filers (almost 26 million data points).⁴

The existence of extensions has been the primary complaint from data users (including investors, data aggregators, and other users) that are consuming financial information. The extensions create obstacles in efficiently consuming such data because those data cannot be processed by computers but, rather, must be handled by a separate process involving humans. For example, a registrant might report a specific type of revenue, such as “Broadcasting Revenue.” The Taxonomy does not include an element for this specific type of revenue, so the registrant may report this using an extension. A computer cannot easily process that this extension is a subset of a standardized data piece (revenue). However, data users also acknowledge that extensions are a necessity because they provide investors with entity-specific information that is meaningful for their analyses.

While there are enhancements to the Taxonomy that can be made to minimize the need for or effect of ESD extensions, this is largely a matter of policy and rules that need to be set by the SEC. Technical features would need to be agreed upon so that registrants could anchor their extensions. Those technical features could include a mechanism, such as an augmented calculation relationship, that provides a connection between extension elements and standardized elements in the Taxonomy. That mechanism would enable a computer to process the extension element that relates to a standardized element, for example, “Broadcasting Revenue” is connected to “Revenue.” Such technical connections would allow for some automated analyses of ESDs. In this example, the computer would connect “Broadcasting Revenue” to revenue but still may be unable to determine the type of revenue without human intervention.

⁴Ibid.

Some of the enhancements to the Taxonomy that the FASB Taxonomy staff can undertake to minimize the need for (or effect of) ESD extensions include:

1. Identifying the particular location of a concept property and strictly adhering to its modeling location in the Taxonomy (for example, current/noncurrent; classes of property, plant, and equipment; pension defined benefit/defined contribution)
2. Using other technical tools (such as dimension⁵ or Extensible List⁶ members) for variable properties, such as specific types of products and services, and for disaggregating information
3. Encouraging registrants to use higher level elements that represent base concepts, such as revenue, in conjunction with other mechanisms to express the properties of the ESD.

Resolve Design Principles in the Taxonomy

There are underlying design principles that are embedded in the technical features of the Taxonomy. The design principles help to deliver more consistent modeling across the Taxonomy. Registrants and service providers that understand and are aware of the design principles can more easily and consistently apply the Taxonomy. However, several design issues remain unresolved, and inconsistencies continue to exist in the Taxonomy. Without further development of design principles and conforming changes to the Taxonomy, additional progress in this area is limited.

The FASB Taxonomy staff identifies and codifies design principles for the Taxonomy, including those for topics such as “Definition Components and Structure” and “Dimension Uses,” as well as element selection based on Codification requirements. These design principles are expected to drive consistency and improve element selection by registrants. The focus on improving element selection is consistent with XBRL US Data Quality Committee efforts to remove redundancies and eliminate multiple ways of modeling. Further benefits could be derived from improving and expanding those fundamental design principles. Agreement from the SEC staff and stakeholders would be needed to fully accomplish the potential design improvements. Areas of potential design improvements include (1) the use of certain technical features on primary financial statements and for the disaggregation and (2) the overall refinement and expansion of the Taxonomy design framework.

Suggested Improvement 2: Improve the consistency in how registrants identify appropriate elements to tag their financial information.

There are two enhancements to the Taxonomy that would improve the consistency in how registrants identify the standardized tags⁷ within their reported financial information:

1. Provide clearer and more precise links within the Codification to the tags within the Taxonomy

⁵An XBRL dimension (or Axis) with its members can provide an additional qualification needed to fully identify a fact. For example, a dimension and a member could be used to indicate that a fact relates to a specific geographic region.

⁶Extensible Lists are an XBRL mechanism (formally Extensible Enumerations) to convey nondisaggregating properties without using dimensions and allows reuse of elements for common properties reported as facts. The use of an extensible list starts with a Taxonomy primary line item element in which the reported fact is selected from a list of predefined choices. The registrant can add to this list if necessary, but the list’s core properties should be clearly based on the primary line item, the existing list, and the definition that the registrant provides.

⁷Tags can identify pieces that are standard (that is, those that are in the Taxonomy) as well as ESDs. In this context, the former applies.

2. More closely align the process for making changes to the Taxonomy with changes to the Codification, including replacing the annual 60-day comment period with exposure of Taxonomy changes as they are developed.

Using the Codification to Specifically Identify the Needed Taxonomy Tags

Registrants can identify which tags to use by either navigating through the Taxonomy or through the Codification. Stakeholders have suggested that it would be more efficient and accurate for registrants to identify the appropriate tags of the Taxonomy on the basis of the requirements in the Codification. That is, registrants would start with the specific Codification reporting requirement and use that source as a guide to identify appropriate Taxonomy elements. Stakeholders supported this approach because they noted that it would better match the way registrants assemble their financial statements, which would result in fewer extensions or incorrect element selections. The FASB Taxonomy staff began a project to improve the usability of Taxonomy references within the Codification. Stakeholders conveyed the urgency of and their strong support for the completion of this project, which would require additional FASB staff resources. The execution of the remainder of this project also would require agreement from the SEC staff on objective, scope, and timing. Improvement to the Taxonomy references is important for use with the SEC's XBRL Inline Viewer because the Taxonomy references are visible and can be used for searching and filtering within that tool.

Closer Alignment of the Taxonomy and the Codification

The Taxonomy is kept current and aligned with the Codification. When the FASB makes changes to the Codification, there are consequential changes made to the Taxonomy. However, there are differences in the timing and effective dates of those changes. New Codification amendments are issued and implemented throughout the year according to the required transition and effective date provisions; consequential changes to the Taxonomy that result from those amendments are accepted by the SEC on an annual basis.

Employing variable comment periods throughout the year in which proposed changes to the Taxonomy are issued concurrent with the issuance of new Codification amendments would better align the processes. A variable comment period would allow the FASB Taxonomy staff to provide more time for stakeholders to consider any fundamental changes to the Taxonomy, while allowing for a shorter period for straightforward changes. Earlier availability of proposed changes to the Taxonomy also would provide a more efficient means for registrants to move from existing tags to new tags when there are changes. Replacing the annual exposure of Taxonomy changes with variable comment periods throughout the year would require agreement from the SEC.

Suggested Improvement 3: Support registrants' efficient use of resources to structure their financial data using the Taxonomy through education and implementation tools.

The elements needed to tag pieces of financial data may be difficult for registrants and XBRL service providers to identify, particularly for more complex modeling structures. To improve element selection and assist with the implementation of the Taxonomy, the FASB staff provides additional information within the Taxonomy and in other implementation resources.

Stakeholders expressed their support for additional education and communication and suggested that the FASB staff continue to issue Taxonomy implementation guides.

The FASB suggests the following enhancements to increase the effectiveness of the implementation resources:

1. More widely promote and communicate the availability of the implementation resources to help encourage the use of these tools as a best practice.
2. Continue to issue Taxonomy implementation guides for new, major Codification amendments (such as Topic 815, Derivatives and Hedging) and for other significant accounting Topics (such as Topic 820, Fair Value Measurement).
3. Embed more linkage and tag illustrative examples in the Codification.

OTHER OBSERVATIONS

The FASB is aware that some investors and other financial statement users support the use of XBRL for registrant earnings releases; that would increase financial statement users' efficiency by automating their consumption of earnings releases information. Others within the financial reporting system assert that some level of assurance (or audit) would be useful in increasing the consistency in how registrants identify standard data pieces within their financial disclosures. Some registrants also raised concerns about the costs of producing the data and whether the population of the information that is required to be tagged should be constrained. These observations are beyond the FASB's role and responsibilities. If others within the financial reporting system decide to make changes to expand or to reduce the use of XBRL or to change the level of assurance (on either a voluntary or mandatory basis), the Taxonomy infrastructure has the flexibility to accommodate those alterations.

APPENDIX

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PURPOSE AND OVERVIEW

The purpose of this report is to provide the SEC with the observations and suggested improvements from the assessment of the efficiency and effectiveness of the *GAAP Financial Reporting Taxonomy* (Taxonomy) conducted by the Financial Accounting Standards Board (FASB) in response to the SEC's request on January 31, 2017.

In developing this report, the FASB staff solicited broad stakeholder feedback on which aspects of the Taxonomy and supporting processes, if any, should be improved and their relative priority. The FASB staff developed and issued an Invitation to Comment (ITC) on the efficiency and effectiveness of the Taxonomy in May 2017 and received 14 comment letters on the ITC.⁸ The FASB staff considered the feedback in the comment letters, sought input from FASB advisory groups and other interested stakeholders, and conducted a public roundtable between FASB members and a wide spectrum of stakeholders (including investors, issuers, data aggregators, accounting firms, filing agencies and service providers, preparers, and other professional groups) in July 2017.⁹

This report focuses on three areas for improvements that emerged from the FASB's assessment:

1. Increase the usability of electronically reported financial information to allow investors and other financial statement users to more efficiently consume and analyze entity-specific financial data pieces.
2. Improve the consistency in how registrants identify appropriate elements to tag their financial information.
3. Support registrants' efficient use of their resources to structure their financial data using the Taxonomy through education and implementation tools.

The first suggested improvement relates to how structured financial data are consumed by investors and other financial statement users. The other two suggested improvements involve ways to improve registrants' use of the Taxonomy.

This report also includes other observations raised by stakeholders that may affect the use of the Taxonomy.

BACKGROUND

In January 2009, the SEC issued the final rules, "Interactive Data to Improve Financial Reporting" (SEC Interactive Data Reporting Rules), that require public companies (registrants) to provide financial statement information in a structured and interactive format using XBRL.

The Taxonomy is a list of computer-readable tags in XBRL format. The Taxonomy allows companies to tag and depict relationships within the hundreds of pieces of financial data that are included in typical long-form financial statements and related disclosures. The tags allow computers to automatically search for information and assemble data so those data can be readily accessed and analyzed by consumers of financial data such as investors, analysts, and others.

⁸These [comment letters](#) are available on the FASB website.

⁹The public roundtable [was announced](#) on June 13, 2017.

The FASB assumed the ongoing development, maintenance, and publication of the Taxonomy in 2010 to keep it current with GAAP. That allowed the FASB to integrate the process used to develop the Taxonomy with the FASB's development of Codification amendments and to work closely with the SEC, investors, issuers, accounting firms, and other stakeholders to develop high-quality Taxonomy updates.

The major responsibilities assumed by the FASB that have a direct effect on a public company's reporting of its information in a structured and interactive format include:

1. ***Keeping the Taxonomy current and aligned*** with (a) the Codification, including SEC material referenced in the Codification, (b) presentation and disclosures commonly made in practice and derived from the Codification that are consistent with GAAP and reflect common practice, and (c) technical corrections based on stakeholder feedback
2. ***Publishing the revised Taxonomy as an Annual Update*** with materials including Taxonomy documentation and technical guides as well as other documents to support the annual transition, ongoing implementation, and use of the Taxonomy for individuals and entities that use GAAP
3. ***Communicating the changes in the Taxonomy*** by delivering a set of release notes with each Annual Update that documents the changes between the current and the previous Taxonomy to assist companies and users in migrating to the updated version of the Taxonomy
4. ***Ensuring an open process*** throughout the year that includes the active participation of any interested parties, including a formal annual public comment period (a period between 30–60 days)
5. ***Testing*** each Annual Update with a variety of validation checks and test cases to ensure compliance with the applicable XBRL specifications, Taxonomy architecture, and EDGAR Filer Manual (EFM) rules.

SUGGESTED IMPROVEMENT 1—INCREASE DATA USABILITY

Increase the usability of electronically reported financial information to allow investors and other financial statement users to more efficiently consume and analyze entity-specific financial data pieces.

ESD EXTENSIONS

Background and Issues

The Taxonomy was built to include all necessary elements to meet GAAP requirements and common reporting practice. Common reporting practice elements are included to accommodate reporting diversity, to maximize coverage of reported information to simplify consumption, and to minimize the need for “extension” elements. Extensions are a fundamental design of XBRL and provide registrants with a useful way to communicate information that is unique to them. Therefore, extensions are necessary to report certain information that is specific to the entity, referred to as ESDs.

However, element extensions can be a challenge for data users (including investors, data aggregators, and other users) to consume without human intervention. As compared with a Taxonomy element that is defined in the Taxonomy and can be referenced by users, the definition of an extension often is unknown. Additionally, many extensions are considered unnecessary or are used incorrectly because the corresponding and appropriate elements often are available in the Taxonomy.

Stakeholder Feedback

While most data users acknowledge that extensions are a necessity to provide investors with meaningful financial information for analyses, the existence of element extensions has long been a primary criticism. The source of that criticism stems from data users—primarily data aggregators—who raise this issue because of the difficulty in understanding and consuming such data. Data users have stated that this concern would lessen if (1) registrants were more appropriately limiting their use of extensions and (2) a mechanism was provided to “anchor” extensions to the Taxonomy. The “anchor” would establish a technical connection between the extension and a related Taxonomy element. That connection would allow for automated analyses of ESD extensions.

Suggested Improvements

We suggest:

- 1.1 Adopting enhancements to the Taxonomy that can minimize the need for ESD extensions
- 1.2 “Anchoring” ESD extensions to Taxonomy elements using XBRL mechanisms
- 1.3 Reducing inappropriate ESD extensions. This could be accomplished by refining rules for element selection, improving Taxonomy navigation by refining the references, and improving education and guidance.

Implementation Considerations

Timing

Enhancements to the Taxonomy that minimize the need for extensions would most likely be implemented on a prospective basis with new Codification amendments or selected topics. Prospective implementation is preferred to adequately consider topical effect and to provide stakeholders with adequate implementation time.

The timing for requiring registrants to anchor ESD extensions to Taxonomy elements would require the SEC to engage in rulemaking and would depend on the timing of that process. It also would depend on when XBRL International completes its final recommendations for anchoring ESDs and the time needed for the software changes to the XBRL financial statement preparation process.

Resources

Additional FASB resources would be unnecessary. Collective efforts from the FASB, the SEC, XBRL International, and others in the community would be needed to implement and support the suggested improvements.

DESIGN FRAMEWORK

Background and Issues

The first Taxonomy release accepted by the SEC was rigorously tested on the basis of certain design principles. The tests were performed by the development team¹⁰ and a small group of voluntary filers (registrants) that tagged their filings using the Taxonomy. Since that release, there is significantly more tagged data available, with thousands of participating registrants, many service providers, and many data users, with results that could not be fully anticipated.

While much of the original design has worked as anticipated, certain current issues on data quality can be traced back to early design choices that have resulted in inconsistent modeling and multiple ways to tag the same pieces of financial data. Many of the data users' concerns about the usability of data in the registrants' XBRL filings relate to these early design choices. For example, one of the early design choices discouraged the use of dimensions on the primary financial statements. As a result, registrants would tag certain facts reported on the statements using primary line item elements (for example, use the Taxonomy element "Land") while other registrants would tag the same facts reported in a disclosure using the combination of a different primary line item, a dimension,¹¹ and a member (for example, "Property, Plant and Equipment, Gross"; "Property, Plant and Equipment, Type [Axis]"; and "Land [Member]"). Neither choice is wrong, but having two ways available to tag the same facts results in inconsistencies between registrant filings.

Moreover, taxonomy improvements often have been constrained by these early design choices, which has perpetuated the inconsistent modeling and multiple ways to tag the same pieces of financial data. For

¹⁰The project was under the direction of XBRL US until early 2010.

¹¹An XBRL dimension (or Axis) with its members can provide an additional qualification needed to fully identify a fact. For example, a dimension and a member could be used to indicate that a fact relates to a specific geographic region.

example, the FASB Insurance Industry Resource Group recommended using a dimension (the “Product and Service [Axis]”) on the “Statement of Income.” On the basis of that recommendation, insurance companies would eliminate the multiple ways available to them for tagging the same facts, which would result in improved comparability without the loss of information.

On a long-term basis, issues with the design of the Taxonomy are best addressed through the codification of design principles in a well-defined design framework that is supported by stakeholders. In the near term, two primary design choices that could be adopted to address several data quality concerns include (1) encouraging the use of dimensions on the primary financial statements as discussed above and (2) constraining dimension use to disaggregation, for example, revenue by reporting segment. It is important to constrain the use of dimensions because data aggregators have stated that using dimensions for both disaggregation and other properties of a fact (such as identifying subsequent events) makes the data more difficult to sort and process from an automated consumption perspective.

The design principles are critical to attaining more consistent design within the Taxonomy and to gaining stakeholder agreement on any specific, future design choices. Registrants and service providers that understand the design principles can more easily and consistently apply the Taxonomy, which facilitates improved consumption of the data. Such design principles also should be applied in the ESDs by the registrants.

Stakeholder Feedback

Stakeholders supported addressing Taxonomy modeling inconsistencies with most placing a high priority on the effort. Most are supportive of using dimensions primarily for disaggregation and on the primary financial statements, with certain caveats applied.

Stakeholders have suggested that more communication and education efforts would be helpful.

Suggested Improvements

We suggest:

- 1.4 Developing and maintaining the Taxonomy design framework
- 1.5 Encouraging the use of dimensions on the primary financial statements
- 1.6 Constraining dimension use primarily for disaggregation.

Implementation Considerations

Timing

It is expected that the design framework would take three to five years to complete but that significant progress with immediate benefit could be achieved in the early stages. Addressing the use of dimensions on the primary financial statements and predominately for disaggregation can have some immediate benefit. However, such improvements need to be done by topic. Communication and education efforts could coincide with Taxonomy remodeling efforts that reflect the design framework.

Resources

Resources needed to complete the design framework would require personnel that is knowledgeable about the Taxonomy design and structure. The SEC staff's agreement and stakeholder participation would be critical.

SUGGESTED IMPROVEMENT 2—IMPROVE DATA CONSISTENCY

Improve the consistency in how registrants identify appropriate elements to tag their financial information.

REFERENCES

Background and Issues

The Taxonomy was initially designed for element selection through navigation of the Taxonomy rather than starting from the Codification. The SEC's EFM accepted this practice by listing references last in precedence for element selection criteria. Stakeholders suggested that element selection would be more efficient and accurate if the starting point could be the requirements in the Codification. On the basis of this feedback, the FASB Taxonomy staff initiated a reference project to review the Taxonomy references for accuracy and completeness to improve element discovery through the Codification. Also, the EFM was updated in July 2017 to list references first in order of precedence for element selection (EFM Section 6.6.29).

The feature available in the Codification to select elements on the basis of specific GAAP requirements is suboptimal for this purpose. The Taxonomy elements appear as a list at the end of a Codification paragraph, rather than being contextually sensitive to the specific reporting requirement in the Codification. There is no mechanism in the Codification that hyperlinks to the Taxonomy for additional information about the identified element. Other properties of the elements that are required to distinguish one from the other, such as data type, are not included. Depending on the structure in the Taxonomy for the reporting requirement, more than one element may be needed, particularly with multidimensional structures. This makes it difficult to identify the relevant elements for a specific reporting requirement. For example, links to information about presentation and calculation relationships and Taxonomy implementation and change notes as well as Taxonomy implementation guides would be useful.

Stakeholder Feedback

Stakeholders generally supported improving the references in the Taxonomy with most placing a high priority on the effort. Some stakeholders expressed concern that it may be confusing if the project was to be completed in phases because they would not know if the references had been reviewed or if the element(s) linked to the reference were the most applicable. Observations were made that it may take time for element selection based on Codification references to evolve because (1) element selection for most registrants is already made and continued from filing to filing and (2) element selection based on the Codification references is more relevant to new Codification amendments.

Suggested Improvements

We suggest:

- 2.1 Completing the reference project to assist with element selection
- 2.2 Improving the Codification features to provide a contextually sensitive view of elements to the reporting requirement.

Implementation Considerations

Timing

The reference project is expected to be completed over multiple cycles and will include a way to communicate areas that have been completed. Agreement with the SEC staff on the scope, objectives, and prioritization would be needed. Remodeling of topics may be needed to address other issues and accommodate the appropriate Codification reference.

Development of improvements to the feature used for viewing the elements in the Codification would be expected to take longer than one Taxonomy cycle.

Resources

Resources needed to complete the project would require personnel that is knowledgeable about the Taxonomy design and structure and about Codification requirements.

TAXONOMY PROCESS

Background and Issues

Development and maintenance of the Taxonomy is based on improvements identified from a variety of sources including Codification amendments, stakeholder suggestions, comments from the SEC staff, and FASB Taxonomy staff internal reviews. Proposed improvements are included in a draft Taxonomy that is exposed each year for public comment for a 60-day period beginning on or before September 1. The final Taxonomy is submitted for acceptance by the SEC in December. The SEC generally accepts the Taxonomy for use by registrants in the first quarter of the following year, which completes the annual release cycle.

Taxonomy changes for Codification amendments that include transition requirements allowing early adoption or that are effective upon issuance may not be available for public review until the 60-day comment period or after and, therefore, may not be available for use in an accepted Taxonomy until the annual release cycle is completed. The result of not having elements available for registrant use in tagging their financial information requires extension elements and could potentially result in inconsistency in tagging between registrants, which affects the quality of data for the end users.

The FASB Taxonomy staff resources are constrained by the preparation of the entire draft Taxonomy for exposure in a condensed period that limits the FASB Taxonomy staff's ability to align the Taxonomy changes concurrently with the Codification amendments issued during this period.

Stakeholder Feedback

Stakeholders support issuing Taxonomy changes concurrently with Codification amendments to minimize inconsistency in tagging of financial information between registrants and provide timely communication of Taxonomy changes. Stakeholders also support replacing the 60-day comment period with comment periods for Taxonomy changes. Stakeholders indicated that exposure of the entire Taxonomy for a 60-day comment period results in a laborious process and is not sufficient time for effective review and comment.

Suggested Improvements

We suggest:

- 2.3 Developing and exposing Taxonomy changes concurrent with proposed Codification amendments and final Codification amendments by integrating the Taxonomy process with the standard-setting process
- 2.4 Replacing the 60-day comment period from September 1 through October 31 with exposure of Taxonomy changes as they are developed
- 2.5 Exposing Taxonomy changes for other than Codification amendments (for example, changes identified by stakeholder suggestions, comments from the SEC staff, and Taxonomy staff reviews) as they are developed throughout the year for a comment period of 30–60 days.

Implementation Considerations

Timing

The change in the Taxonomy process could be implemented in the next annual release cycle but may take some time to fully integrate in the standard-setting process. Replacing the annual exposure of Taxonomy changes with variable comment periods throughout the year would require agreement from the SEC.

Resources

The change in the Taxonomy process would not require additional resources and may improve the efficiency of existing resources.

SUGGESTED IMPROVEMENT 3—SUPPORT USE OF THE DATA

Support registrants' efficient use of their resources to structure their financial data using the GAAP Taxonomy through education and implementation tools.

TAXONOMY IMPLEMENTATION RESOURCES

Background and Issues

Registrants may have difficulty identifying the elements needed to tag pieces of financial data simply on the basis of the location of the elements and their associated properties, such as references and definitions in the Taxonomy. This is particularly true for more complex modeling structures that require the use of more than one element to appropriately tag the piece of financial data in an electronically structured environment.

To improve element selection and assist with the implementation of the Taxonomy, the FASB Taxonomy staff provides additional information within the Taxonomy as well as additional resources for registrants to help clarify choices in tagging. The additional information may be embedded within the Taxonomy or provided externally on the FASB website. The development and maintenance of these implementation resources requires considerable FASB Taxonomy staff time and competes with other projects for improvements to the Taxonomy.

Stakeholder Feedback

Positive feedback on the implementation resources has been received from stakeholders with requests to provide more resources. However, some stakeholders have suggested that having implementation resources in multiple locations is difficult and time consuming when all the information needed to assist in element selection has to be identified. Stakeholders particularly support the continuous issuance of the Taxonomy implementation guides and resources providing identification of changes in elements. There was support for providing machine-readable rules, delivering implementation resources in other formats, and increasing seminars or forums to assist with proper tagging and communication of available resources. Also, stakeholders suggested that improvements in design structure and consistency within the Taxonomy would decrease the need for implementation resources and that industry groups should be preparing implementation guides for the Taxonomy. Stakeholders suggested that linking the Taxonomy implementation guides and the Taxonomy to the Codification would be beneficial and could be provided in a separate view for access by interested parties.

Suggested Improvements

We suggest:

- 3.1 Increasing education and communication of proper tagging as illustrated in the Taxonomy implementation guides
- 3.2 Continuing to issue Taxonomy implementation guides for significant changes from Codification amendments and topical focus projects

3.3 Better linking between the Codification and external implementation resources and the tagging of illustrative examples in the Codification.

Implementation Considerations

Timing

It is expected that development of the feature for Codification improvements to allow better linking to external implementation resources and the tagging of illustrative examples would not be completed in the near term. The development of additional Taxonomy implementation resources requires establishing priorities for projects and agreement of scope, objective, and timing.

Resources

Additional resources are needed to develop more Taxonomy implementation resources in other formats and at a faster pace. It is expected that third-party resources would be needed for the development of the feature to allow linkage between the Taxonomy implementation resources and the Codification and for embedded tagging in the Codification.

OTHER OBSERVATIONS

Below are observations from stakeholders about earnings releases, assurance considerations, the use in other sectors, and reducing tagging requirements. These observations are beyond the FASB's role and responsibilities. If others within the financial reporting system decide to make changes to expand or to reduce the use of XBRL or to change the level of assurance (on either a voluntary or mandatory basis), the Taxonomy infrastructure has the flexibility to accommodate those alterations.

Earnings Releases

Although the Taxonomy was developed and designed to support the SEC Interactive Data Reporting Rules, it has been used by registrants for other purposes beyond its original intent. For example, registrants have tagged financial data (such as the balance sheet or income statement information) included in earnings releases as posted on those registrants' websites.

The FASB is aware that some investors and other financial statement users support the use of XBRL for registrants' earnings releases. They stated that earnings releases and supplemental reporting packages are the documents that most often move markets and that tagging the data in earnings releases would increase financial statement users' efficiency by automating their consumption of earnings releases information.

Some stakeholders at the July 2017 public roundtable commented that the following areas should be considered related to the potential use of XBRL for earnings releases:

1. Whether non-GAAP measures should be tagged in earnings releases
2. Whether the timing could be aligned between registrants' issuance of SEC 10-Q and 10-K filings and earnings releases
3. Whether the tags in earnings releases for financial information should be subject to review or audit procedures.

Assurance Considerations

Currently, there is no assurance or audit requirement on the XBRL reports. Future developments or changes in regulatory requirements relative to XBRL data could increase the urgency for others to reassess the level of auditor assurance on the XBRL reports.

Stakeholders at the public roundtable commented that some level of assurance would be useful in (1) increasing the consistency in how registrants identify standard data pieces within their financial disclosures and (2) reducing the time that financial statement users spend on checking the accuracy of the XBRL data. However, there was a range in the suggested level of assurance—from simple accuracy checks on mathematical calculations and tags to full audits of the XBRL reports—as well as on whether the assurance should be on a voluntary or mandatory basis.

However, some stakeholders said that modeling inconsistencies and multiple ways to tag the same piece of financial data need to be addressed before an audit is considered.

Use in Other Sectors

Some stakeholders stated that there might be opportunities to use the Taxonomy in other areas including private companies, not-for-profit entities, and state/municipalities. For example, the Taxonomy could be used by banks to collect information from the financial statements of their private borrowers.

Reducing Tagging Requirements

SEC Interactive Data Reporting Rules require interactive data tagging of a registrant's complete financial statements and any required financial statement schedules.

Some registrants raised concerns that the costs of producing those data may exceed the benefits. Some raised questions about whether the data are being widely utilized by analysts in the data's current format to populate their models. Others, including some smaller registrants, suggested that constraining the population of the information that is required to be tagged would help improve the usability and quality of data. These observations were based on the anecdotal experiences of certain registrants and were not studied further as part of this review.