

## **Corporation Tax - iXBRL briefing**

### **Background**

There has been a general move by HMRC to require electronic filing of business tax returns over the last few years, as recommended by the Carter Review of 2006. The latest major step relates to Corporation Tax.

Companies are now required to submit **online** all corporation tax computations and returns for accounting periods ending on or after 31 March 2010, which are submitted after 31 March 2011. As well as having to be submitted online, the computations and returns must also be in iXBRL format. HMRC have also specified that the accounts which must accompany the tax computation and return must also be in iXBRL format. From 1 April 2011, companies and organisations are required to pay any Corporation Tax and related payments due **electronically** (for example by Direct Debit, BACS Direct Credit or CHAPS transfer).

iXBRL stands for Inline eXtensible Business Reporting Language, and is a particular electronic format in which various electronic tags are applied to data. One of the major advantages for HMRC of the iXBRL format requirement is that it will be able to electronically interrogate this information, perhaps to identify companies which seem to deviate from the norm in a particular area of interest to HMRC, rather than having to do this manually.

So we are now at the point where almost all tax computations and returns (and the accompanying accounts) must be submitted to HMRC in iXBRL format (except perhaps for a few late ones).

### **What does it mean for me and my company?**

In many respects the process of preparing tax computations/returns and accounts will not change. However companies now need to make sure that the final version of these submitted to HMRC is in iXBRL format. This means that preparing accounts in Word or the tax computation in an Excel spreadsheet is no longer sufficient.

Companies with simple affairs and appropriately experienced staff may be able to use HMRC's free software. But in most cases companies will prefer to use experts who have specialist software - accountancy software providers have been working over the last few years to produce iXBRL compliant software.

### **How can UNW help?**

We do not take a 'one size fits all approach', but have a range of possible solutions and agree with our clients that is best for them.

The corporation tax software that we use to produce corporation tax computations and returns is fully iXBRL compliant and produces iXBRL tagged corporation tax computations and returns.

We also have accounts preparation software which adds iXBRL tags to accounts prepared using this.

As an alternative to accounts prepared using accounts preparation software, we also have specialist iXBRL tagging software, which allows us to convert Word document accounts into iXBRL format, by adding iXBRL tags to the Word document.

The software that we use is all licensed from major software providers.

If you have any queries about iXBRL or wish to discuss how we may be able to help you, please contact Tim McElwaine at UNW on 0191 243 6067.