Case Study: Approaching the German E-Bilanz XBRL Project for Tax Balance Sheets
The German E-Bilanz Project

- Introduced by the German tax authorities (BMF)
- In order to reduce bureaucracy
- Mandates all German companies that make up the balance (more than 1 million)
- Started right now
- A Grace period that allows companies to do their first submission in 2013
German Tax Balances

- Until now companies have to submit printed versions of their tax balance sheets.
- The tax balance sheets are used to calculate the income tax.
- The tax authorities do auditing to all bigger companies and the smaller ones are chosen on spec or randomly.
The usage of XBRL avoids retyping of tax balance sheets and eliminates the manual process.

German tax authorities are able to calculate KPIs for all companies.

In near future the XBRL filings will be used to help choosing audit candidates.

This will reduce efforts and costs of retyping and avoid mistakes.
Calculation of Tax Balance Sheets is a Manual Process

<table>
<thead>
<tr>
<th>Balance Sheet Position</th>
<th>Local GAAP (HGB)</th>
<th>Tax Adjustment</th>
<th>Tax balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>100</td>
<td>10</td>
<td>110</td>
</tr>
<tr>
<td>Property plant and equipment</td>
<td>60</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>Operating and office equipment</td>
<td>20</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>Notebooks (depreciation tax = 3y, local GAAP = 5y)</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>

- How do most of the German companies manage the tax adjustments?
E–Bilanz XBRL Taxonomies

- 1 GCD Taxonomy (entity and document infos)
- 1 GAAP Taxonomies (various entry points)
- Taxonomy extension is not allowed
- Available as a download on www.esteuer.de
The E-Bilanz XBRL Taxonomy Uses Special Data Structures

- Must-submit-concepts: Distinguished by reference link „fiscalRequirement“
- More than 400 required GAAP concepts
- More than 50 required GCD concepts
- Use of XBRL tuples for tax adjustments
- Use of XBRL tuples for the chart of accounts

- What does this mean for the filers?
Financial Reporting Example

XBRL Instance Document

- **Unit**: EUR
- **Context**: 2011
- **Precision**: 9

**Fact**

```
<PropertyPlantEquipment>
60000000
</PropertyPlantEquipment>
```

XBRL Taxonomy

- **Calculation**: + Land + Buildings + Machinery
- **Presentation**: Balance Sheet
- **Reference**: IAS1, IAS16
- **Label**: Property, plant and equipment

Concept

```
<PropertyPlantEquipment>
```

**Context**

- **2011**
The E-Bilanz Consists of More Than Monetary Facts

**XBRL Instance Document**

<table>
<thead>
<tr>
<th>Tax Adjustment Tuple Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position: <strong>PropertyPlantAndEquipment</strong></td>
</tr>
<tr>
<td>Description: „Notebooks deprecation changed“</td>
</tr>
<tr>
<td>Value: <strong>100000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account Tuple Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position: <strong>PropPlaEqu</strong></td>
</tr>
<tr>
<td>ID: <strong>4711</strong></td>
</tr>
<tr>
<td>Name: „Computers“</td>
</tr>
<tr>
<td>Value: <strong>150000</strong></td>
</tr>
</tbody>
</table>

**Fact**

```
<PropertyPlantEquipment> 60000000 </PropertyPlantEquipment>
```

**Context**

- **Precision**: 9
- **Context**: 2011
- **Unit**: EUR

** XBRL Taxonomy **

- Concept
  - **<PropertyPlantEquipment>**
  - **Calculation**
    - + Land + Buildings + Maschinery
  - **Presentation**
    - Balance Sheet
  - **Reference**
    - fiscalReq = true
  - **Label**
    - Property, plant and equipment
"Build-In" XBRL applications help to manage the data.
XBRL can save a lot of money for the tax authorities and improve the tax audit trail.
The combination of technical XBRL knowledge and accounting/tax knowledge is essential.
The communication of aims, methods and examples can help filers to integrate XBRL.
Pilot projects (phase-in) are necessary to review the technology.
Software vendors have to be involved.
International XBRL taxonomy guidelines should be adopted to ensure the reusabilities of tools & data.
Thank you very much for your attention!

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