

XBRL in Estonia

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XBRL in Estonia

- **Annual Reports** only in electronic format via Company Register portal since 2010
 - There is possibility to send annual report from ERP via XBRL
- VAT Reports, Income & Payroll Tax Reports via XML (not XBRL) – but still the masses use portal to enter data (80%) or upload file (18%) manually

Optimizing Reporting

- Today some entities must send up to 200-300 reports to several authorities
- Zero-bureaucracy initiative in 2015 gathered ideas how to minimize and optimize reporting to the authorities.

Main Challenge

- Combine mandatory reports, for example Taxes and Statistics related to workforce
- Universal format for presenting data
- Less time to submit information
- Once the data is already reported – no need to submit it again
- Data directly from financial software (ERP)
- Possibility to use XBRL GL

Methodological issues

- Taxonomy (classificatory-lists)
- Transactions information directly from general ledger:
 - Aggregated up to needed taxonomy level
- All data transfers into needed report variables need to be done on government (not companies) side
- Complete change in methodology and data-handling

Benefits for Government

- Future changes in methodology are needed only on government side
- Changes to taxonomy will be synchronized automatically
- Central workgroup in country to analyse and correct all collected information
- Data will be more correct (hopefully)

Changes at Companies Level

- Financial software need to be updated
- More precise data-entering is needed
- No need to fill on questionnaires' for the data in financial systems
- XBRL GL is a global standard and can be used for other data-exchanges (for example fulfilling the GDPR requirements, different ERP's)

Reporting 3.0

Lead by Estonian Tax and Customs Board, Reporting 3.0 project aims to create a unified solution for reporting

Reporting 3.0 first phase

- As one of the most complex areas, **Salary and workforce** taxation and statistics area was enforced first (from 01.01.2018):
- **411 unrefined reporting items over all reports gathered by different authorities**
- Resulting in more than 50 reports
- After analyzing and using XBRL GL standardization we collect only **32 items**

Reporting 3.0 second phase

- All other statistical and taxation reporting
- Planned for 2020-2022
- In 2019 completed VAT declaration and income declaration for Tax and Customs Board of Republic of Estonia

Great opportunity for using XBRL GL

- Moving towards transactions-based reporting
 - XBRL Global Ledger as unified format for representing business transaction with sufficient details to cover all reporting needs
- AEA (Association of Estonian Accountants) has shown how XBRL GL could be used for statistical reporting combined with tax reporting

Unification of Accounting Data to Support RTE

Margus Tammeraja
Chairman of the Board,
Association of Estonian
Accountants

Accountancy in Estonia

- Number of active companies: **131,650**
 - Reporting VAT: 97,258

- Accountants and bookkeepers: ca **15,000**
 - in accounting bureaus: **5,500**
 - In Shared Services Centers: 3,800
 - In accounting departments: 5,700

Real-Time Economy

The Real-Time Economy is an environment where financial and administrative **transactions** connecting citizens, business and public sector entities are:

- In structured **standardized** digital form
- Increasingly generated **automatically**, and
- **Completed** increasingly **in real time** without store-and-forward processes.

Bo Harald, "Roadmap for Real Time Economy..."

Data Quality

- Use standardized classifications and lists
- Automated updates for classifications and lists
- Universal controls for standard data fields
- Data abundance – forwarding all the details
- Re-use of data already created and received
- The Once-only Principle of data entry
- **Sharing** the data meaningfully

Accountancy in Cyber Age

- *We are delighted to invite you to the **International Symposium 2020 - Accountancy in Cyber Age** in Tallinn, Estonia on 23-24 of April 2020, which covers topics of digitalization – the next steps: Real-Time Economy, focus on standardization of transactional data & data-driven reporting and gives an overview of digital agenda in different EU member countries.*