ALERT

SEC Permits Public Companies to Use Inline XBRL

The SEC recently issued an order permitting public companies to embed XBRL into their financial statements instead of tagging the data in a separate file.[1]

Key Facts

- The SEC's order allows public companies to voluntarily use Inline XBRL in their quarterly and annual HTML financial reports through March 2020.

- The Inline XBRL program does not change the scope or timing of the information that public companies must provide in XBRL, nor does it address the independent auditors' role, if any, related to Inline XBRL.

Key Impacts

- The SEC believes that the Inline XBRL program could decrease filing preparation costs and improve the quality of financial data. Improved quality would increase the usage of XBRL data by investors and other financial statement users.

- Public companies filing their financial statements using Inline XBRL should consider what effect it might have on their financial statement preparation and review processes.

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[1] SEC Release No. 34-78041, Order Granting Limited and Conditional Exemption Under Section 36(a) of the Securities Exchange Act of 1934 from Compliance with Interactive Data File Exhibit Requirement in Forms 6-K, 8-K, 10-Q, 10-K, 20-F and 40-F to Facilitate Inline Filing of Tagged Financial Data, June 13, 2016, available at www.sec.gov. XBRL stands for eXtensible Business Reporting Language.

2

Independent auditors are not responsible for the XBRL-formatted exhibit under SEC requirements.

Since 2011, all public companies that file U.S. GAAP financial statements through the SEC's EDGAR system provide those financial statements in two formats. The primary financial statements generally were submitted in an HTML format, and a secondary machine-readable XBRL format was submitted as an exhibit to their annual and quarterly reports.

Although the Inline XBRL program is voluntary and extends through March 30, 2020 only, it may be the SEC's first step to requiring public companies to file HTML documents with embedded XBRL. The SEC will use this voluntary program to assess the usefulness of Inline XBRL.

Effect on Auditors' Responsibilities. Inline XBRL raises questions about whether embedding the XBRL data into the HTML document changes auditors' responsibilities associated with the XBRL information. Public companies should consider discussing their Inline XBRL plans with their independent auditors.

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Contributing authors: Landon B. Westerlund and Joseph P. Luczka

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