

The Netherlands Embarks on Largest XBRL e-Government Project in the World

Businesses in the Netherlands spend approximately €1.5 billion each year compiling and delivering accounting reports, tax declarations and statistical data to the government. The Dutch government realized that it needed to reduce the administrative burden on these companies and allow them to better invest this time and money in ways that actually contribute to economic growth.

The Business Challenge

All 200,000 businesses in the Netherlands had to file multiple forms to the government each year. These forms took considerable effort to complete and cost money to submit. The burden was compounded because forms that contain very similar data had to be separately filed to three different agencies: the Chamber of Commerce, the Tax and Customs Administration, and the Central Bureau of Statistics.

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Project Director
Netherlands Taxonomy
Project

The problem was that none of these bodies could compare information with each other; they all had their own IT systems that described the same basic data in very different ways. For instance, each agency had a different way of defining something as simple as a business address or company income. As a result, businesses had to submit multiple forms, instead of filling out a single version that could be shared among the tax office, the census bureau and the commerce department.

To resolve this issue and enhance efficiency, the government launched the Netherlands Taxonomy Project (NTP), the largest XBRL e-government project in the world. This is a joint effort by the Ministry of Justice and the Ministry of Finance aimed at standardizing all financial and statistical reporting information across the three agencies by applying XBRL.

The UBmatrix Solution

The Dutch government turned to UBmatrix because it is the leading provider of XBRL-based information exchange solutions to global organizations. XBRL is an open standard for the structured and standardized collection, generation, and delivery of financial and corporate information. XBRL enhances XML with business semantics and rules.

To begin with, UBmatrix helped the Dutch government design and build a new taxonomy that brought together and normalized the datasets of the three agencies in question. The Dutch government then leveraged the UBmatrix Processing Engine for consuming and validating XBRL documents. Now, all information submitted by businesses via reporting forms enters a common XBRL gateway, allowing the data to be shared and accessed by individual agencies. As a result, the exchange of information between

governmental bodies can be carried out in an automated fashion.

“UBmatrix has two key attributes that made them an obvious choice,” said Harm Jan van Burg, Project Director for the Netherlands Taxonomy Project. “First, their technology has proven scalable and truly pioneering in real world deployments. On top of that, they have been a key contributor in designing our country’s taxonomies, which are really quite sophisticated.”

XBRL offers many other advantages to the Dutch government. Not only does reporting become faster and more efficient, there is also less chance the submitter can make a mistake on the reporting form. That’s because of the business rules and logic inherent in XBRL.

A typical form, for example, may be five pages long, but it could have 20 pages of instructions. The form may stipulate that line 23b cannot exceed line 24a. If it does exceed that limit, the submitter will then be required to file an additional schedule. With XBRL, these instructions are encoded directly into the taxonomy. As a result, the submitter can properly complete the form without having to read through all the instructions.

This is accomplished through the UBmatrix Processing engine, which ensures the correct use of terms, definitions and business rules within the document. If, for instance, line 23b does exceed line 24a, the submitter will be immediately alerted to the inconsistency. The submitter can then make the necessary corrections or complete the additional form before submitting the document.

The UBmatrix Impact

The Dutch Taxonomy Project powered by UBmatrix has greatly improved the internal data models of the governmental bodies involved. Before the project began, these agencies collected a total of 180,000 data elements, most of which were highly duplicative. Today, the number of data items has been reduced to about 6,000 XBRL concepts, eliminating the need for separate retrieval of financial and statistical information.

The new XBRL-based data standards have improved integration, made reporting more efficient and enhanced the transparency and sharing of data. For example, it is now faster and easier for agencies within the Dutch government to draft reports thanks to the coherent and mutually accessible data model. This has enabled the government to streamline its overhead and reduce the number of forms it needs to maintain.

As for the business owners who are responsible for submitting these documents, they can now fill out just a few forms each year, whereas before they were required to complete nearly a dozen. This has resulted in a tremendous time savings, as well as cost savings. Fewer forms mean lower processing fees, not to mention the money businesses formerly paid to accounting professionals for assistance in completing the paperwork. All told, the Dutch government expects to achieve a cost reduction for companies of €350 million annually.