



Transfers of Investment Property

ICAEW welcomes the opportunity to comment on the IASB's *Transfers of Investment Property – proposed amendments to IAS 40* published in November 2015, a copy of which is available from this [link](#).

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MAJOR POINTS

Support for the proposals

1. We support the proposed amendments to IAS 40 *Investment Property*.

RESPONSES TO SPECIFIC QUESTIONS

Question 1:

The IASB proposes to amend paragraph 57 of IAS 40 to:

(a) state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property.

(b) re-characterise the list of circumstances set out in paragraph 57(a)–(d) as a non-exhaustive list of examples of evidence that a change in use has occurred instead of an exhaustive list.

Do you agree? Why or why not?

2. Yes, we agree with the proposed amendments to IAS 40 which usefully clarify when a property can be transferred to, or from, investment property. In addition, we agree with the proposal to re-characterise the list of circumstances that evidence a change in use of a property, as being non-exhaustive. As noted in the consultation paper, re-characterising the list in this way enables the focus to be on the principle that transfers to, or from, investment property should reflect a change in use of that property, supported by evidence.

Question 2:

The IASB proposes retrospective application of the proposed amendment to IAS 40. Do you agree? Why or why not?

3. Yes, we agree with the proposal that the amendments to IAS 40 are applied retrospectively. As noted in the consultation paper, a transfer to, or from, investment property would require a change in measurement basis and, therefore, a change in accounting policy which should be accounted for in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.