Transfers to and from investment property

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"Evidence, not intention, is key – and different types of evidence may support a transfer".

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The IASB has amended IAS 40 on transfers of property assets to, or from, investment property.

Highlights

- When should a company transfer a property asset?
- When and how are the amendments applied?
- Find out more

The IASB has amended the requirements in IAS 40 *Investment Property* on when a company should transfer a property asset to, or from, investment property.

When should a company transfer a property asset?

A transfer is made *when and only when* there is an actual *change in use* – i.e. an asset meets or ceases to meet the definition of investment property and there is *evidence* of the change in use. A change in management intention alone does not support a transfer.

The revised examples of evidence of a change in use included in the amended version of IAS 40 are not exhaustive – i.e. other forms of evidence may support a transfer.

When and how are the amendments applied?

The amendments apply for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

A company has a choice on transition to apply:

- the *prospective approach* – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or
- the *retrospective approach* – i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight.

Find out more

For more information on the amendments, speak to your usual KPMG contact.

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