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Subject:	Transfers of Investment Property (Amendments to IAS 4)

Delegations will find attached document D052931/01 ANNEX.

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ANNEX

Transfers of Investment Property

(Amendments to IAS 40)

Amendments to IAS 40 *Investment Property*

Paragraphs 57–58 are amended..

Transfers

- 57 **An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:**
- (a) **commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;**
 - (b) **commencement of development with a view to sale, for a transfer from investment property to inventories;**
 - (c) **end of owner-occupation, for a transfer from owner-occupied property to investment property; and**
 - (d) **inception of an operating lease to another party, for a transfer from inventories to investment property.**
 - (e) [deleted]
- 58 When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

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Paragraphs 84C–84E and their related heading, and paragraph 85G, are added.

Transitional provisions

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Transfers of investment property

- 84C *Transfers of Investment Property* (Amendments to IAS 40), issued in December 2016, amended paragraphs 57–58. An entity shall apply those amendments to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). At the date of initial application, an entity shall reassess the classification of property held at that date and, if applicable, reclassify property applying paragraphs 7–14 to reflect the conditions that exist at that date.
- 84D Notwithstanding the requirements in paragraph 84C, an entity is permitted to apply the amendments to paragraphs 57–58 retrospectively in accordance with IAS 8 if, and only if, that is possible without the use of hindsight.
- 84E If, in accordance with paragraph 84C, an entity reclassifies property at the date of initial application, the entity shall:
- (a) account for the reclassification applying the requirements in paragraphs 59–64. In applying paragraphs 59–64, an entity shall:
 - (i) read any reference to the date of change in use as the date of initial application; and
 - (ii) recognise any amount that, in accordance with paragraphs 59–64, would have been recognised in profit or loss as an adjustment to the opening balance of retained earnings at the date of initial application.
 - (b) disclose the amounts reclassified to, or from, investment property in accordance with paragraph 84C. The entity shall disclose those amounts reclassified as part of the reconciliation of the carrying amount of investment property at the beginning and end of the period as required by paragraphs 76 and 79.

Effective date

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- 85G *Transfers of Investment Property* (Amendments to IAS 40), issued in December 2016, amended paragraphs 57–58 and added paragraphs 84C–84E. An entity shall apply those amendments for annual periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.