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Transfers of Investment Property Cover Note

Objective

- 1 The objectives of the session are to:
 - (a) consider the comments received in response to EFRAG's Invitation to Comment on its draft endorsement advice on the *Transfers of Investment Property (Amendments to IAS 40)* (the 'Amendments'); and
 - (b) discuss and agree to recommend to the EFRAG Board a final endorsement advice.

Background

- 2 On 8 December 2016, the IASB issued the Amendments to clarify whether an entity should transfer property under construction of development to, or from, investment property when there is a change in the use of such property which is supported by evidence other than specifically listed in paragraph 57 of IAS 40 *Investment Property*.
- 3 EFRAG issued a draft endorsement advice letter and a separate invitation to comment on 20 February 2017, requesting comments by 20 March 2017.

EFRAG's initial assessment on the Amendments

- 4 EFRAG's initial assessment was that the Amendments satisfy the criteria for endorsement for use in the EU and, therefore, recommended its endorsement.

Comment letters received

- 5 EFRAG received comment letters from 6 respondents representing 3 national standard-setters and 3 preparers.
- 6 The EFRAG Secretariat has considered all the comments received in response, which are summarised below.
- 7 Finally, the EFRAG Secretariat reviewed the 12 European comment letters in response to the IASB's Exposure Draft ED/2015/9 *Transfers of Investment Property (Proposed amendment to IAS 40)* (the ED):
 - (a) all respondents expressed support for the technical proposals in the ED; and
 - (b) most respondents agreed with the retrospective application, however some respondents suggested to include the option for prospective application.

Summary of comments received on the draft endorsement advice

- 8 All the respondents agreed with EFRAG’s overall initial assessment of the technical criteria and the European public good and supported the endorsement of the Amendments without adding any further comments.

EFRAG Secretariat recommendation

- 9 Considering the input received from constituents, the EFRAG Secretariat recommend to maintain the initial assessment that the Amendments satisfy the criteria for endorsement for use in the EU and therefore that EFRAG recommends their endorsement. EFRAG Secretariat has made minor changes to the letter to the European Commission reflecting the comments from respondents. These are marked-up in agenda paper 06-02.

Questions for EFRAG TEG

- 10 Does EFRAG TEG agree to recommend the Final Endorsement Advice, as contained in Agenda paper 06-02, to the EFRAG Board?

Agenda Papers

- 11 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 06-02 – Letter to the European Commission regarding the endorsement of the Amendments; and
 - (b) Agenda paper 06-03 – Comment letters received from constituents.