



March 18, 2016

International Accounting Standards Board

30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Exposure Draft ED/2015/9, *Transfers of Investment Property – Proposed amendment to IAS 40*

Dear Board Members,

The “Group of Latin American Accounting Standard Setters”¹ – GLASS welcomes the opportunity to comment on **Exposure Draft ED/2015/9, *Transfers of Investment Property – Proposed amendment to IAS 40*** (the “ED”).

Due process

The discussions regarding the ED were held within a specified Technical Working Group (TWG) created in December 2015. All country-members had the opportunity to appoint at least one member to participate in this TWG. Each standard setter represented in the TWG has undertaken different tasks in their respective countries (e.g. surveys, internal working groups). All results were summarized, and this summary was the platform for the TWG discussion process.

The TWG discussed the different points of view included in the summary during several conference calls. In those calls the TWG developed a final document on the basis of the agreed-upon responses and the technical points of view of its members. Finally, the TWG document was submitted to and approved by the GLASS Board.

Overall comments

We agree with the proposed amendment to IAS 40, and none of the participating country-members objected to the substance of the proposed amendment.

Specific comments

Attached please find our specific responses to the questions presented in the ED.

Contact

If you have any questions about our comments, please contact glenif@glenif.org

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Board), Bolivia, Brazil (Vice Chairman), Chile, Colombia (Board), Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico (Chairman), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).



Grupo Latinoamericano
de Emisores de Normas
de Información Financiera

Group of Latin-american
Accounting Standard Setters

Sincerely yours,

A handwritten signature in black ink, appearing to read "Felipe Pérez Cervantes". The signature is written in a cursive style with a horizontal line underneath.

Felipe Pérez Cervantes

Chairman

Group of Latin American Accounting Standard Setters (GLASS)



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**GLASS' Comment Letter on Exposure Draft ED/2015/9,
*Transfers of Investment Property – Proposed amendment to IAS 40***

Question 1—Proposed amendment

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?

We agree clarifying in paragraph 57 of IAS 40 that transfers to, or from, investment properties only when there is a change in use of the property (land or a building, part of them, or both), since this is precisely the condition that requires the classification of such assets as investment property.

Question 2—Transition provisions

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

We agree with retrospective application because we believe that there will be no limitations to prevent such application.

Other comments

Although the proposed amendment to paragraph 57 of IAS 40 makes it clear that the list included therein is a non-exhaustive list of examples, we believe the list should include an example that specifically addresses the case when an item of property under construction or improvement that was previously classified as inventory could be transferred to investment properties, as stated in the introduction of the study as the motivation for the proposed amendment.