# Commission Regulation (EU) 2018/400 of 14 March 2018 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 40 (Text with EEA relevance)

## COMMISSION REGULATION (EU) 2018/400

## of 14 March 2018

## amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 40

## (Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards[(1)], and in particular Article 3(1) thereof,

Whereas:

(1) By Commission Regulation (EC) No 1126/2008[(2)] certain international standards and interpretations that were in existence at 15 October 2008 were adopted.

(2) On 8 December 2016, the International Accounting Standards Board (IASB) published the amendments to International Accounting Standard (IAS) 40 *Investment Property*. The amendments clarify when a company is allowed to reclassify a property to (or from) the 'investment property' category.

(3) Following the consultations with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to International Accounting Standard (IAS) 40 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

(4) Regulation (EC) No 1126/2008 should therefore be amended accordingly.

(5) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

*Article 1*

In the Annex to Regulation (EC) No 1126/2008, International Accounting Standard (IAS) 40 *Investment Property* is amended as set out in the Annex to this Regulation.

**Changes to legislation:** *There are outstanding changes not yet made to Commission Regulation (EU) 2018/400. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

*Article 2*

Each company shall apply the amendments referred to in Article 1, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2018.

*Article 3*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 14 March 2018.

*For the Commission*

*The President*

Jean-Claude JUNCKER

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EU) 2018/400. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

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.

…

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

…
**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: