

11 March 2016

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst

Exposure Draft ED/2015/9 *Transfers of Investment Property* (Proposed amendment to IAS 40)

The Malaysian Accounting Standards Board (MASB) welcomes the opportunity to provide comments on the Exposure Draft ED/2015/9 *Transfers of Investment Property* (Proposed amendment to IAS 40).

We have considered the proposals in the Exposure Draft and our responses to the respective questions are detailed in the Appendix to this letter.

If you need further clarification, please contact the undersigned at +603 2240 9200 or by email at beeleng@masb.org.my.

Thank you.

Yours sincerely,



TAN BEE LENG
Executive Director

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?

Response

Although we agree with the proposal, in order to avoid ambiguity in its application, we would like to suggest that paragraph 57 of IAS 40 explicitly clarifies that the transfer also applies to property under construction or development. We therefore recommend the following amendments to paragraph 57 (amendments proposed are underlined):

An entity shall transfer a property (including property under construction or development) 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. Examples of evidence that support a change in use that would lead to a transfer to, or from, investment property include, among others:

(a) ...

Apart from the above, we would like to suggest that the texts of paragraphs 57(a) to (d) should not be bold as they are only examples and not the principle of the Standard.

Question 2—Transition provisions

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

Response

We agree with the proposal.