



30 March 2017

BEPS –Interest limitation rules  
c/o Deputy Commissioner, Policy and Strategy  
Inland Revenue Department  
P O Box 2198  
WELLINGTON 6140.

**SKYCITY Entertainment Group Limited**

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Dear Madam

The following brief submission has been prepared by SKYCITY Entertainment Group Limited on the discussion document released by officials titled "BEPS – Strengthening our interest limitation rules".

SKYCITY Entertainment Group Limited is a member of the Corporate Taxpayers Group. SKYCITY supports the objective to ensure New Zealand collects its fair share of tax from investments made by foreigners in New Zealand. SKYCITY is listed in both New Zealand and Australia and its share register shows approximately 66% foreign shareholders. Its largest shareholders are primarily custodial holdings.

In addition, SKYCITY has substantial investments in Australia and operates casinos in both Adelaide and Darwin. The operators of the two casinos are Australian resident companies.

The discussion document proposes that the current thin capitalisation ratios of 60% for inbound investment and 75% for outbound investment are retained but the way the ratio is calculated will be narrowed by including non-debt liabilities and by removing the current provision that allows the revaluation of assets for the purpose of the thin capitalisation calculation when that revaluation is not included in the entity's financial statements.

The effect of these two changes is likely to have a significant impact on the interest deductibility of entities subject to either or both the inbound or outbound thin capitalisation rules. If an entity breaches the outbound thin capitalisation rules in New Zealand, having borrowed to invest or loan funds cross border, it may then breach the inbound thin capitalisation rules in the country into which it is investing, and would be subject to the denial of interest deductions in both countries for the same investment.

It appears from the discussion document New Zealand is moving to align its thin capitalisation rules with those of Australia. However, there are significant differences in the approach proposed under this discussion document and the Australian legislation, in particular with regard to revaluation of assets and including intangible assets in the thin capitalisation calculation.

The Australian legislation provides that as a general rule an entity must comply with the accounting standards when revaluing its assets for the purpose of calculating its thin capitalisation liability. However, an entity can choose to revalue an asset, including an intangible asset for these purposes as long as it meets stringent requirements. The valuation must be in writing and must be made before the due date for lodging the relevant income tax return. If the revaluation is included in the financial statements, an external expert is not required to undertake the revaluation, but if the revaluation is not included in the financial statements, the assets must be revalued by a person who is an expert in valuing such assets and whose pecuniary and other interests could not reasonably be regarded as being capable of affecting the person's ability to give an unbiased opinion in relation to the revaluation. We have attached a copy of the relevant Australian legislation.



SKYCITY submits that if New Zealand is not going to follow the best practice as set out by the OECD and limit interest deductions by way of an EBITDA ratio, and is going to tighten its current thin capitalisation rules in line with the Australian legislation, it should adopt the same position as Australia on revaluation of assets and include intangibles in the asset calculation and not exclude this aspect of the legislation. An entity that does not wish to include the revaluation of an asset in its financial statements but wishes to include the current value in its thin capitalisation calculation could be required to have the assets valued by a member of the New Zealand Institute of Valuers. In SKYCITY's opinion, a revaluation of assets by an independent professional firm for the purposes of the thin capitalisation regime would result in a greater level of scrutiny than may be the case if the assets were not revalued by an expert but were instead revalued by the company directors or employees.

In some cases the accounting standards may preclude the recognition of an intangible asset from being included in the financial statements. An example of this in New Zealand is the SKYCITY Casino licences. Banks lend on the value and earning potential of intangibles such as a licence and, with sufficient rigour imposed on the process, there should be no reason for such assets to be excluded from the thin capitalisation calculation.

There can be many reasons entities do not include revaluations in their balance sheets, and entities taking this conservative approach should not be penalised by the removal of the net current valuation method from the list of available valuation methods for thin capitalisation.

The discussion document states that the objective of the thin capitalisation rules is to prevent companies from shifting profits out of New Zealand through excessive interest deductions. Does a thin capitalisation regime that focuses on debt, equity and assets and not actual earnings or profits achieve this goal? If the regime is to be based on debt, equity and assets, then the calculation should include all measurable assets, including intangible assets, at current net value.

As noted in the discussion document, New Zealand relies heavily on foreign direct investment to fund domestic investment. If the majority of countries from which New Zealand sources investment adopt the recommendations set out in the OECD report then the EBITDA ratio method will be more widely understood than a method based on a ratio of debt to equity. The OECD proposals are designed to ensure that profits are taxed where the underlying economic activity occurs and where value is created. It is not clear that a regime which focuses on debt, equity and assets rather than actual earnings achieves this result.

SKYCITY submits that the aspects of the Australian thin capitalisation regime relating to the revaluation of assets by an independent expert should be included in the New Zealand legislation. If this does not occur, the "best practice" approach provided in the OECD's final report on BEPS, (Action 4 Limiting Base Erosion Involving Interest Deductions and Other Financial Payments), of an EBITDA based ratio should be adopted.

I agree to Inland Revenue contacting me to discuss the above brief submission if required.

Yours faithfully

Richard Smyth  
Deputy Chief Financial Officer



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## Revaluing assets

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Assets can be revalued for thin capitalisation purposes, provided the revaluation is done in accordance with accounting standards, even if they are not also revalued for accounting purposes.

Once an asset is revalued, the asset must continue to be revalued in accordance with the frequency set out in the accounting standards. If the entity does not continue to revalue in accordance with the accounting standards, then it cannot use the original revaluation for the period that it fails to comply with the accounting standards in this regard. It must use the value specified in its financial statements.

If the revaluation is done for the purposes of calculating the entity's thin capitalisation position and is reflected in its financial statements that it is required by Australian law to prepare, the revaluation does not need to be done by either an external expert or an internal expert. However, if either the entity is not required to prepare financial statements or it is required to but the revaluation is not reflected in those statements, the revaluation must be done by either an external expert or by an internal expert.

### External expert

An independent expert is a person:

- who is an expert in relation to valuations of that class of assets, and
- whose pecuniary or other interests could not reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion in relation to that valuation.

## Internal expert

An internal expert must be a person who is an expert in valuing such assets, and

- whose pecuniary or other interests could reasonably be regarded as affecting the person's ability to give an unbiased opinion but only because the person would be one of the following
  - ➔ performing duties as an employee of the entity
  - ➔ providing services to the entity under an arrangement with the entity that is substantially similar to a contract of employment.

To be an acceptable value, the internal expert must make the revaluation in accordance with a methodology that has been reviewed and accepted as suitable by an external expert – see criteria above. The review of the methodology by the external expert must include the validity of any assumptions made, and the accuracy and reliability of the data and other information to be used.

## Revaluing an asset in a class of assets

The values used for thin capitalisation purposes are the values calculated under the accounting standards. If the accounting standards require an asset to be revalued at certain intervals, the entity must comply with this for thin capitalisation purposes as well.

A strict adherence to this would require that once an asset in a class is revalued, all the assets in that class must be revalued. The thin capitalisation rules will allow an entity to revalue one or more assets in the class only, provided that no asset in the class of assets has fallen in value.

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### **Example 8: Revaluing assets**

Two assets in the same class – asset A and B – have a carrying value of \$1,000 and \$2,000 respectively. The entity wants to revalue asset A but not asset B. In the relevant income year, asset A has increased in value to \$1,200 and the value of asset B has remained the same.

Because, as a class, no asset has fallen in value, asset A can be revalued without having to also revalue asset B. However, if the value of asset B had fallen to \$800, asset A could not be revalued without asset B also being revalued.

### See also:

- [section 820-680 \(/law/view/document?docid=PAC/19970038/820-680\)](#) of the ITAA 1997.

## Revaluation records

An entity must keep records in relation to the revaluation containing details about all of the following:

- the methodology used in making the revaluation, including any assumptions that may have been made
- how the methodology was applied, including information used
- who made the revaluation, their qualifications and their experience as an expert in valuing assets of the relevant kind
- the remuneration and expenses paid to that person.

Where the revaluation was made by the internal expert, the records must **also** include the following details:

- who the external expert was that reviewed the methodology for the valuation
- the external expert's qualifications and experience as an expert in valuing assets of the relevant kind
- the remuneration and expenses paid to the external expert
- the external expert's review of the methodology and their agreement that the methodology is suitable.

All records must be prepared by the time the entity must lodge its tax return for the income year for which the revaluation is made.

However records need not be kept where the asset was revalued subject to subsection 820-680(2A) of the ITAA 1997.

**See also:**

- [section 820-985 \(/law/view/document?docid=pac/19970038/820-985\)](#) of the ITAA 1997.

Last modified: 09 Mar 2016

QC 48208

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**820-680(1)**

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-680\(1\)&db=HISTFT&stylesheet=HIST\)](#)

For the purposes of this Division, an entity must comply with the \*accounting standards in determining what are its assets and liabilities and in calculating:

- (a) the value of its assets (including revaluing its assets for the purposes of that calculation); and
- (b) the value of its liabilities (including its \*debt capital); and
- (c) the value of its \*equity capital.

**Note:**

This requirement to comply with the accounting standards is modified in certain cases (see sections [820-310 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-310#PAC/19970038/820-310\)](#), [820-682 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-682#PAC/19970038/820-682\)](#), [820-683 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-683#PAC/19970038/820-683\)](#) and [820-684 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-684#PAC/19970038/820-684\)](#)).

[View history note](#)

**820-680(1A)**

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-680\(1A\)&db=HISTFT&stylesheet=HIST\)](#)

In particular, for the purposes of this Division, the entity has an asset or liability at a particular time if, and only if, according to the \*accounting standards, the asset or liability can or must be recognised at that time.

**Note:**

This application of the accounting standards is modified in certain cases (see sections [820-682 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-682#PAC/19970038/820-682\)](#) and [820-683 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-683#PAC/19970038/820-683\)](#)).

[View history note](#)

**Requirements for revaluation of assets****820-680(2)**

A revaluation of assets mentioned in paragraph (1)(a) must be made by a person:

- (a) who is an expert in valuing such assets; and
- (b) whose pecuniary or other interests could not reasonably be regarded as being capable of affecting the person's ability to give an unbiased opinion in relation to that revaluation.

**Note 1:**

The entity must also keep records in accordance with section [820-985 \(/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-985#PAC/19970038/820-985\)](#) about the revaluation, unless the exception in subsection (2A) of this section applies.

**Note 2:**

This subsection also applies to some revaluations that are not allowed by the accounting standards (see subsection [820-684\(5\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-684\(5\)#PAC/19970038/820-684\(5\)](#))).

[View history note](#)

**Revaluation reflected in statutory financial statements for the same period**

**820-680(2A)**

[View history reference /law/view/document?LocID=PAC%2F19970038%2F820-680\(2A\)&db=HISTFT&stylesheet=HIST](#)

A revaluation of an asset need not comply with subsection (2) if:

- (a) the revaluation is for the purpose of the entity calculating the value of its assets for the purposes of this Division as applying to the entity for a particular period; and
- (b) the entity is required by an Australian law to prepare financial statements for a period that is or includes all or part of that period; and
- (c) those financial statements reflect the revaluation.

[View history note](#)

**External validation of a revaluation made Internally**

**820-680(2B)**

[View history reference /law/view/document?LocID=PAC%2F19970038%2F820-680\(2B\)&db=HISTFT&stylesheet=HIST](#)

A revaluation of assets mentioned in paragraph (1)(a) may be made by a person (the *internal expert*) if:

(a) apart from this subsection, paragraph (2)(b) would prevent the internal expert from making the revaluation, but only because, in making it, he or she would be:

- (i) performing duties as an employee of the entity; or
- (ii) providing services under an arrangement with the entity that is substantially similar to a contract of employment; and

(b) another person (the *external expert*):

- (i) is not prevented by subsection (2) from making the revaluation; and
- (ii) has reviewed the methodology for making it (including the validity of any assumptions to be made, and the accuracy and reliability of the data and other information to be used); and
- (iii) has agreed that that methodology is suitable for making it; and

(c) the internal expert makes the revaluation in accordance with that methodology.

**Note:**

This subsection also applies to some revaluations that are not allowed by the accounting standards (see subsection [820-684\(5\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-684\(5\)#PAC/19970038/820-684\(5\)](#))).



[View history note](#)**Revaluation of individual assets****820-680(2C)**[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-680\(2C\)&db=HISTFT&stylesheet=HIST\)](#)

Subsection (1) does not prevent the entity from revaluing one or more assets in a class of assets (as distinct from revaluing all the assets in the class) if the value of no asset in that class has fallen since the entity last calculated the total value of all the assets in that class in accordance with the \*accounting standards.

[View history note](#)**When further revaluation of assets required****820-680(2D)**[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-680\(2D\)&db=HISTFT&stylesheet=HIST\)](#)

If:

(a) the entity revalues one or more assets (whether constituting a class of assets or not) for the purpose of calculating the value of its assets for the purposes of this Division as applying to the entity for a particular period (the *first period*); and

(b) the revaluation is *not* required by the \*accounting standards; and

(c) if the revaluation *had* been required by the accounting standards, the entity could have relied on it in preparing financial statements that the entity is required by an Australian law to prepare for a period (the *later period*) that ends *after* the first period;

the entity may also rely on the revaluation in calculating the value of its assets for the purposes of this Division as applying to the entity for a period that is or includes all or part of the later period.

[View history note](#)**820-680(2E)**[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-680\(2E\)&db=HISTFT&stylesheet=HIST\)](#)

If subsection (2D) does *not* permit the entity to rely on the revaluation in calculating the value of its assets for the purposes of this Division as applying to the entity for a period that is later than the first period, the revaluation is disregarded in determining whether subsection (1) requires the entity to revalue the one or more assets in calculating the value of its assets for those purposes.

**Note:**

As a result, the entity may not be required to make a further revaluation of the one or more assets. However, if the entity does not, it must use the value of the one or more assets that is reflected in financial statements for the relevant period that comply with the accounting standards.

[View history note](#)**Accounting standards need not otherwise apply to the entity****820-680(3)**

Subsection (1) has effect whether the \*accounting standard would otherwise apply to the entity or not.

[View history note](#)**SECTION 820-682 Recognition of assets and liabilities - modifying application of accounting standards**[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-682&db=HISTFT&stylesheet=HIST\)](#)**Deferred tax assets and deferred tax liabilities**

**820-682(1)**

Despite subsections [820-680\(1\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1\)#PAC/19970038/820-680\(1\)](#)) and [\(1A\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1A\)#PAC/19970038/820-680\(1A\)](#)), an entity must not recognise:

- (a) a deferred tax liability (within the meaning of the \*accounting standards) as a liability for the purposes of this Division; or
- (b) a deferred tax asset (within the meaning of the accounting standards) as an asset for the purposes of this Division.

**Note:**

Subsections [820-680\(1\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1\)#PAC/19970038/820-680\(1\)](#)) and [\(1A\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1A\)#PAC/19970038/820-680\(1A\)](#)) require compliance with accounting standards.

**Surpluses and deficits in defined benefit superannuation plans****820-682(2)**

Despite subsections [820-680\(1\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1\)#PAC/19970038/820-680\(1\)](#)) and [\(1A\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1A\)#PAC/19970038/820-680\(1A\)](#)), an entity must not recognise an amount relating to a defined benefit plan (within the meaning of the \*accounting standards) as:

- (a) a liability for the purposes of this Division; or
- (b) an asset for the purposes of this Division.

**Note:**

Subsections [820-680\(1\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1\)#PAC/19970038/820-680\(1\)](#)) and [\(1A\)](#) ([/law/view/fulldocument?filename=PAC19970038&docid=PAC/19970038/820-680\(1A\)#PAC/19970038/820-680\(1A\)](#)) require compliance with accounting standards.



# INCOME TAX ASSESSMENT ACT 1997

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## CHAPTER 4 - INTERNATIONAL ASPECTS OF INCOME TAX

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FCh4&db=HISTFT&stylesheet=HIST\)](#)

[+ View history note](#)

## PART 4-5 - GENERAL

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FPt4-5&db=HISTFT&stylesheet=HIST\)](#)

[+ View history note](#)

## Division 820 - Thin capitalisation rules

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FDiv820&db=HISTFT&stylesheet=HIST\)](#)

[+ View history note](#)

## Subdivision 820-G - Calculating the average values

[+ View history note](#)

## Special rules about values and valuation

### SECTION 820-683 Recognition of internally generated intangible items - modifying application of accounting standards

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-683&db=HISTFT&stylesheet=HIST\)](#)

#### Accounting standards prevent recognition of some items

##### 820-683(1)

Subsection (2) applies in relation to an item, other than internally generated goodwill (within the meaning of \*accounting standard AASB 138), if:

(a) the item cannot be recognised under that standard as an internally generated intangible asset (within the meaning of that standard) because that standard determines that the cost of the item cannot be distinguished from the cost of developing the entity's business as a whole; and

(b) the item would otherwise meet criteria under that standard for recognition as such an asset.

**Note 1:**

As a general rule, an entity must comply with the accounting standards when recognising its assets for the purposes of this Division (see subsections [820-680\(1\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22](#)) and [\(1A\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1A\)%22](#))).

**Note 2:**

This section does not apply to ADIs (see subsection (6)).

**Entity may choose to recognise the item as an intangible asset****820-683(2)**

Despite subsections [820-680\(1\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22](#)) and [\(1A\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1A\)%22](#)), the entity may choose to recognise the item as such an asset for a period for the purposes of this Division (other than section [820-960](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-960%22](#))).

**Note:**

Section [820-960](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-960%22](#)) is about records for Australian permanent establishments.

**820-683(3)**

A choice under subsection (2):

(a) must be in writing and may cover more than one item; and

(b) must be made before the due day for lodging the entity's \*income tax return for the income year that is, or that includes, the period; and

(c) subject to subsection (4), has effect, for the entity and the item, for the period and each later period.

**820-683(4)**

The entity may, in writing, revoke a choice under subsection (2). The revocation has effect:

(a) for each period in the income year for which the entity is next required to lodge an \*income tax return; and

(b) for each later period.

**820-683(5)**

When:

(a) recognising an item as an asset under this section; and

(b) calculating the value of the asset (including revaluing the asset);

the entity must, to the maximum extent possible, comply with the \*accounting standards as if the recognition were allowed by those standards. This subsection has effect subject to section [820-684 \(/law/view/document?LocID=%22PAC%2F19970038%2F820-684%22\)](#).

**Note:**

Section [820-684 \(/law/view/document?LocID=%22PAC%2F19970038%2F820-684%22\)](#) will allow the entity to revalue the asset even if accounting standard AASB 138 would prevent this because of the absence of an active market.

**Choice not available to ADIs****820-683(6)**

An entity cannot make a choice under subsection (2) for a period if, for the period, the entity is an \*outward investing entity (ADI) or an \*inward investing entity (ADI).

[View history note](#)

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# INCOME TAX ASSESSMENT ACT 1997

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## CHAPTER 4 - INTERNATIONAL ASPECTS OF INCOME TAX

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FCh4&db=HISTFT&stylesheet=HIST\)](/law/view/document?LocID=PAC%2F19970038%2FCh4&db=HISTFT&stylesheet=HIST)

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## PART 4-5 - GENERAL

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FPt4-5&db=HISTFT&stylesheet=HIST\)](/law/view/document?LocID=PAC%2F19970038%2FPt4-5&db=HISTFT&stylesheet=HIST)

[+ View history note](#)

## Division 820 - Thin capitalisation rules

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2FDiv820&db=HISTFT&stylesheet=HIST\)](/law/view/document?LocID=PAC%2F19970038%2FDiv820&db=HISTFT&stylesheet=HIST)

[+ View history note](#)

## Subdivision 820-G - Calculating the average values

[+ View history note](#)

## Special rules about values and valuation

### SECTION 820-684 Valuation of intangible assets if no active market - modifying application of accounting standards

[View history reference \(/law/view/document?LocID=PAC%2F19970038%2F820-684&db=HISTFT&stylesheet=HIST\)](/law/view/document?LocID=PAC%2F19970038%2F820-684&db=HISTFT&stylesheet=HIST)

#### Accounting standards prevent revaluation of some assets

##### 820-684(1)

Subsection (2) applies if complying with \*accounting standard AASB 138 would prevent an entity from revaluing an intangible asset (within the meaning of that standard) because of the absence of an active market (within the meaning of that standard).

#### Note 1:

As a general rule, an entity must comply with the accounting standards when revaluing its assets for the purposes of this Division (see subsection [820-680\(1\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22](#))).

**Note 2:**

This section does not apply to ADIs (see subsection (7)).

**Entity may choose to revalue the asset**

**820-684(2)**

Despite subsection [820-680\(1\)](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22](#)), the entity may choose to revalue the asset for a period for the purposes of this Division (other than section [820-960](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-960%22](#))).

**Note:**

Section [820-960](#) ([/law/view/document?LocID=%22PAC%2F19970038%2F820-960%22](#)) is about records for Australian permanent establishments.

**820-684(3)**

A choice under subsection (2):

- (a) must be in writing and may cover more than one asset; and
- (b) must be made before the due day for lodging the entity's \*income tax return for the income year that is, or that includes, the period; and
- (c) subject to subsection (4), has effect, for the entity and the item, for the period and each later period.

**820-684(4)**

The entity may, in writing, revoke a choice under subsection (2). The revocation has effect:

- (a) for each period in the income year for which the entity is next required to lodge an \*income tax return; and
- (b) for each later period. **Requirements for such revaluations**



**820-684(5)**

Subsections [820-680\(2\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(2\)%22\)](#) and [\(2B\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(2B\)%22\)](#) apply in relation to a revaluation under subsection (2) in a corresponding way to the way they apply in relation to a revaluation mentioned in paragraph [820-680\(1\)\(a\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22\)](#).

**Note 1:**

Subsections [820-680\(2\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(2\)%22\)](#) and [\(2B\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(2B\)%22\)](#) set out requirements and other matters in relation to revaluations under subsection [820-680\(1\) \(/law/view/document?LocID=%22PAC%2F19970038%2F820-680\(1\)%22\)](#).

**Note 2:**

The entity must also keep records in accordance with section [820-985 \(/law/view/document?LocID=%22PAC%2F19970038%2F820-985%22\)](#) about the revaluation.

**820-684(6)**

When revaluing an asset under subsection (2), the entity must, to the maximum extent possible, comply with the \*accounting standards as if the revaluation were allowed by those standards. **Choice not available to ADIs**

**820-684(7)**

An entity cannot make a choice under subsection (2) for a period if, for the period, the entity is an \*outward investing entity (ADI) or an \*inward investing entity (ADI).

[View history note](#)

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