



REAL ESTATE REVALUATION OPTION FOR FISCAL TAX PURPOSES

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The General Inspection of Justice (IGJ), through General Resolution No. 02/18 (RG) published on May 11, 2018 in the Official Gazette, establishes that as of May 12, the entities required to present their financial statements before the IGJ for the first fiscal year ended after 12/30/2017, may revalue assets acquired before that date, something that was not allowed.

According to the Resolution, the assets included in the Asset of Use item (excluding biological assets), in Investment Property, and those non-current assets held for sale could be "subject to revaluation".

The revaluation will allow entities to reflect the assets at reasonable values, facilitating the obtaining of financing.

The new revaluation option is in accordance with the provisions of Law 27,430, while its preparation must be done in accordance with the provisions of the RG IGJ 2/2018 and current professional technical standards and their amendments adopted by the Professional Council of Sciences Economics of the Autonomous City of Buenos Aires.

Those entities whose financial year has ended after December 30, 2017, and have opted for the revaluation of assets pursuant to Law 27,430, must present their financial statements with the revalued assets.

Likewise, in the event that an entity at the time of the entry into force of this rule, has filed with the IGJ its financial statements and related documentation without considering the revaluation, and subsequently have opted to qualify for the revaluation, must present their financial statements and related documentation in a corrective manner.

On the other hand, the minutes of the Meeting of Members or of the Shareholders Assembly held for the purpose of considering the financial statements that include the revaluation pursuant to Law 27,430, must contain the express social resolution by means of which the partners or shareholders of the company approve said revaluation.

The "Revaluation Balance Law 27,430" cannot be distributed or capitalized, nor can it be used to absorb losses while it remains as such. However, for corporate purposes, said balance may be considered for the purposes of articles 94 subsections 5, and 206 of Law 19,550, or other complementary legal or regulatory provisions in which reference is made to limits or relationships with the share capital, and reservations that do not have a particular treatment expressed in these Rules.

Finally, the entities that choose to re-evaluate according to Law 27,430, if they have submitted prior technical revaluation procedures before this Body, must detail in a note to the financial statements: the

conformity number issued by this Inspection, prior communication date, or date of the final opinion of the departments that have intervened, according to the regulations by which the procedure has been presented.

The law solves a long-standing claim from the private sector.