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By PwC Deutschland | 28. Dezember 2011

Write-down of units held in investment funds

The Supreme Tax Court has held that units held in unquoted investment funds holding shares should be written down to their redemption price at year-end or, if not freely disposable, to their issue price.

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The Supreme Tax Court has paralleled its decision that falls of more than 5% in the market price of marketable securities held as investments should generally be taken as a demonstration of a permanent loss in value with a ruling in the same vein on holdings in an investment fund without its own quote, but with shares and other securities as its main investment object (closed fund). If the units were held as temporary investments of surplus funds, the valuation measure should be redemption price at year-end. If, however, the units were held on the insistence of business partners in support of a commitment (here as a reserve to fund repayment commitments on possible contract cancelation), they were necessary for the business and should be written down to the year-end issue price only,

Supreme Tax Court judgment I R 7/11 of September 21, 2011 published on December 28

Schlagwörter

investment funds, units, write-down