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By PwC Deutschland | 17. Oktober 2012

No write-down to market value of fixed-interest bonds held as current assets

The finance ministry has called upon tax offices to follow a Supreme Tax Court judgment prohibiting a write down of fixed-interest securities to their lower current market rate where there is no risk of ultimate loss.

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In June 2011, the Supreme Tax Court held that fixed-interest securities could not be written down below their repayment value (usually par) merely because their market value had fallen. The finance ministry has now reacted with a call to tax offices to follow the ruling and to disallow write-downs below par of fixed interest securities held as current assets, where redemption is to be at nominal value and where there is no risk of default. Any necessary write-backs are to be taken to income at the latest in the year ending after the date of the official publication of the case in the Federal Tax Journal (expected shortly).

Schlagwörter

fixed-interest, market value, write-down