WRITE-OFF OF TANGIBLE FIXED ASSETS

During the economic activity of a company, it is recurrent that there are assets that no longer perform any function, and it is not expected that they will provide future benefits, as such they will no longer appear in the company's financial statements, proceeding to what we call write-off.

Assets that are in this situation must be identified and their carrying amount eliminated from the financial statements, even if they have not been fully depreciated.

In accordance with NCRF 7 – Tangible Fixed Assets $66, the carrying amount of tangible fixed assets must be derecognised at the time of disposal or when no future economic benefits are expected from its use or disposal.

TANGIBLE FIXED ASSETS

If the tangible fixed asset is not fully depreciated when it is written off, it will generate losses that, in order to be fiscally accepted, require compliance with certain procedures.

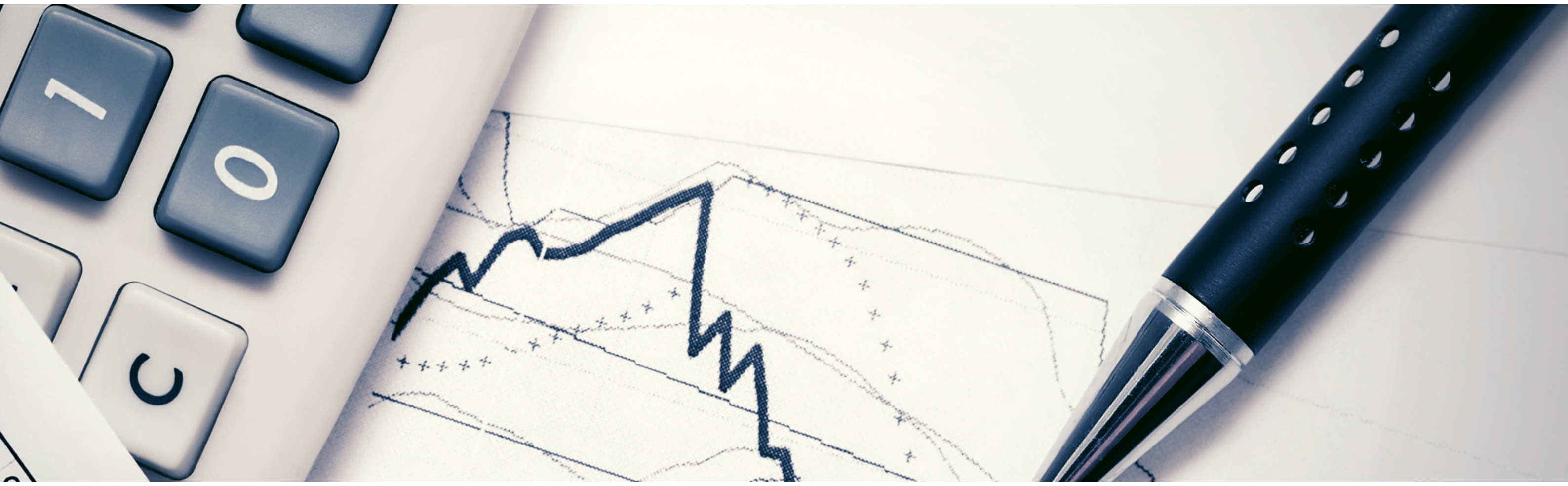
Tax procedures for derecognition of items of tangible fixed assets, referring to physical write-offs, must be carried out in accordance with article 31-B of the IRC Code (CIRC).

Article 31-B, nº 3 of the CIRC establishes that the net tax value of the assets, corrected for any recoverable values, can be accepted as an expense for the period, provided that the physical write-off is proven through the respective record.

In the record it is necessary to identify the asset and prove the fact that gave rise to the slaughter, which must be signed by two witnesses. It must also be accompanied by a list of the elements in question, containing the description, the year and the acquisition cost, as well as the net book value and the net tax value of the asset.

A communication to the finance service of the area where the assets are located is required, at least 15 days in advance, of the location, date and time of the physical slaughter and the total net tax value of the assets.

The required documentation must be part of the tax documentation process in the corresponding tax period, for further proof and consultation, in accordance with article 130, CIRC



In the event that the asset is fully depreciated, the conditions referred to above are not mandatory, but it is still essential to prove the destination that was given to the asset, both for income tax and VAT purposes, therefore, it must always there is the drafting of the slaughter notice signed by the people who witnessed the slaughter. Regarding the prior notification of the decommissioning to the respective finance service, which is not mandatory, it constitutes a benefit for the company as it will constitute a means of proof of the destruction or destruction of the asset.

For the easy identification of these assets, it is important that the company maintains the AFT inventory at the end of each period, in order to have control of assets that are likely to be derecognised or that have suffered loss of value that should be recorded in accounting , as impairment losses.