

# FEATURES OF REVALUATION OF FIXED ASSETS AND THE EFFECTS OF ITS IMPLEMENTATION: PRACTICAL ASPECTS

**Fatenok-Tkachuk A.O.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Accounting and Auditing  
Lesya Ukrainka Eastern European National University

**Hubei A.V.**

Student,  
Lesya Ukrainka Eastern European National University

One of the most important factors in increasing production at enterprises is the provision of fixed assets in the required quantity and variety and better and more efficient use. The advantages of fixed assets at cost does not give us any doubt but current methods of evaluation completely exclude the possibility of the effects of inflation and other market mechanisms on the formation of the value of fixed assets. Therefore, revaluation of fixed assets of the company is especially important at the moment because it involves determining the value of the property at the time of management decisions and enables to conduct a cost comparison of fixed assets, which are reflected in the accounting business. When making a decision whether to do a revaluation of fixed assets or no, the company will primarily analyse all arguments. But, every company, of course, may have their own reasons to conduct revaluation or not. The mechanism of the revaluation of fixed assets:

- determine the fair value of the object which is going to be reevaluated;
- determine the index of revaluation;
- calculate the revalued initial value of the object and overrated wear.

Companies whose annual income exceeded the threshold of 20 million UAH, for determining the object of taxation shall adjust profit or loss on the difference provided by the tax legislation.

This difference is in the form of accounting and tax residual value and depreciation, as well as differences arising from revaluations. Companies with annual revenues of over 20 million UAH shall exclude the impact of accounting revaluations on the object of taxation on profits. In some cases, revaluation may affect the tax liability for income tax.

This is possible when income tax is calculated based on the residual value of financial assets. Revaluation of fixed assets decision made by enterprises and, in most cases, it is not a mandatory procedure.