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## VALUATION NEWS

*"The true sign of intelligence is imagination."*

Albert Einstein (German Scientist, 1879-1955)

Once again, for those who wisely look ahead, the time has come to think about taxes – preferably before the office party. While in most countries returns are not due for some months, one should think about what creativity as well as imagination are needed, aside from the required knowledge of pertinent rules and regulations to plan well; the laws have grown far beyond what any ordinary person would deem logical or even reasonable. With a touch of nostalgia, there is one story I would like to tell you. It is true and well past the statute of limitations, however, I prefer to keep details a little hazy.

About three decades ago, I was part of a team that spent long hours of the year's last day in a Toronto office tower playing Santa to two related entities. The Canadian buyer wanted to claim the total allowed tax depreciation for the current year for a purchased ship. The British seller intended to do the same. Strict timing was essential. In Toronto, it was 8.00 pm, 31 December, while in London it was 1:00 am, 1 January. The ship, sailing from San Francisco to Yokohama, was sold at precisely that time by the Brits to the Canadians. My involvement was in originating the transaction and determining the price to be fair market value.

Such a deal would not work today, but at the time was a triumph of the imagination. However, there are always possibilities, depending on the clients' métier. CVS would be delighted to assist you in helping to satisfy whatever hopes and wishes dance like economically minded sugar plum fairies in your clients' heads, any such undertakings to help you be Santa providing tax saving holiday gifts.

**As our holiday gift to you we offer, in January, a free hour-long consultation.  
Call 416-865-9766 or email [jcatty@corporatevaluation.ca](mailto:jcatty@corporatevaluation.ca).**

### THE TERM VALUE

There are many definitions of value and the differences are not merely semantics. FASB adopted the "fair value" for financial reporting in 2002. The phrase took on at least two meanings in US GAAP and several more for IFRS. In 2011, nearly all were finally combined into one.

In the US, the AICPA has redefined industry terminology. Phrases such as estimate, conclusion, and calculation of value now differ in the US and Canada; other countries also march to their own drummers. Various courts adhere to their individual definitions.

Equally, taxing authorities continue to insist on their own. Professional experience, wisdom, acumen are essential.

With otherwise identical facts, interpretations may vary. If in doubt, call CVS to assist in appraising your clients' situation correctly and advantageously.

James P. Catty, MA, CA•CBV, CPA/ABV, CFA, CVA, CGMA, CFE, Principal Valuator of CVS, is Chair of the International Association of Consultants, Valuators and Analysts (IACVA), a 10,000 member organization with designation-granting authority in 55 countries. With contributors from 13 nations, Jim compiled "Guide to Fair Value under IFRS", published by Wiley, NY, in 2010. In 2011, he wrote "The Professional's Guide to Fair Value", Wiley, NY. Jim keeps completely up to date with the requirements of changing standards and would be delighted to assist with any professional question you may encounter. He can be reached at 416.865.9766, [www.corporatevaluation.ca](http://www.corporatevaluation.ca) or [jcatty@corporatevaluation.ca](mailto:jcatty@corporatevaluation.ca).