



Proceedings of the 17th International Conference **LIBEREC ECONOMIC FORUM**

2025



Olga MALIKOVA, Pedro Henrique SOUZA DIMARIO, Guilherme CORREA FERNANDES

**Trends in Recognition and Valuation of Intangible Assets from the Financial Accounting Perspective:
A Comparative Study of the Czech and Brazilian Accounting Systems**

[10.15240/tul/009/lef-2025-11](https://doi.org/10.15240/tul/009/lef-2025-11)

MOTTO: New Horizons in Economics and Business

Olga MALIKOVA^{a*}, Pedro Henrique SOUZA DIMARIO^b and Guilherme CORREA FERNANDES^c

^{a*} Technical University of Liberec, Faculty of Economics, Department of Finance and Accounting
Voronezska 13, 461 17 Liberec, Czech Republic
olga.malikova@tul.cz, ORCID 0000-0001-7860-8145 (corresponding author)

^b University of São Paulo, Luiz de Queiroz College of Agriculture, Department of Economics, Management
and Sociology
Av. Pádua Dias 11, 13418-900, Piracicaba, São Paulo, Brazil
pedrohenriquedimario@gmail.com

^c Santo André Foundation University Center, Faculty of Economic and Administrative Sciences
Av. Príncipe de Gales 821, 09060-650, Santo André, São Paulo, Brazil
guicorrea200116@gmail.com

Trends in Recognition and Valuation of Intangible Assets from the Financial Accounting Perspective: A Comparative Study of the Czech and Brazilian Accounting Systems

Abstract

The objective of the research is to evaluate the level of the similarities and differences in recognition and valuation of the intangible assets in financial accounting systems of the Czech Republic and Brazil. In alignment with the study's objectives, the following research questions were formulated to guide the investigation. First, are the standards concerning intangible assets comparable in national settings? Second, to what extent has the process of accounting harmonization influenced the historical development of accounting frameworks in the Czech Republic and Brazil? Third, given the influence of international accounting harmonization, how do both countries incorporate these guidelines into their respective frameworks for the treatment of intangible assets? Methodologically, the study combines a review of relevant literature, an analysis of current regulatory frameworks, and a comparative evaluation of the published statement requirements. The analysis reveals that both the Czech Republic and Brazil have developed their accounting standards over recent years through the process of international harmonization. However, the Czech Republic distinguishes itself by maintaining domestic practices within the international framework, thereby blending local regulations with global standards. In contrast, Brazil has largely aligned itself with international practices as established by IFRS, reflecting a more uniform approach to global standards.

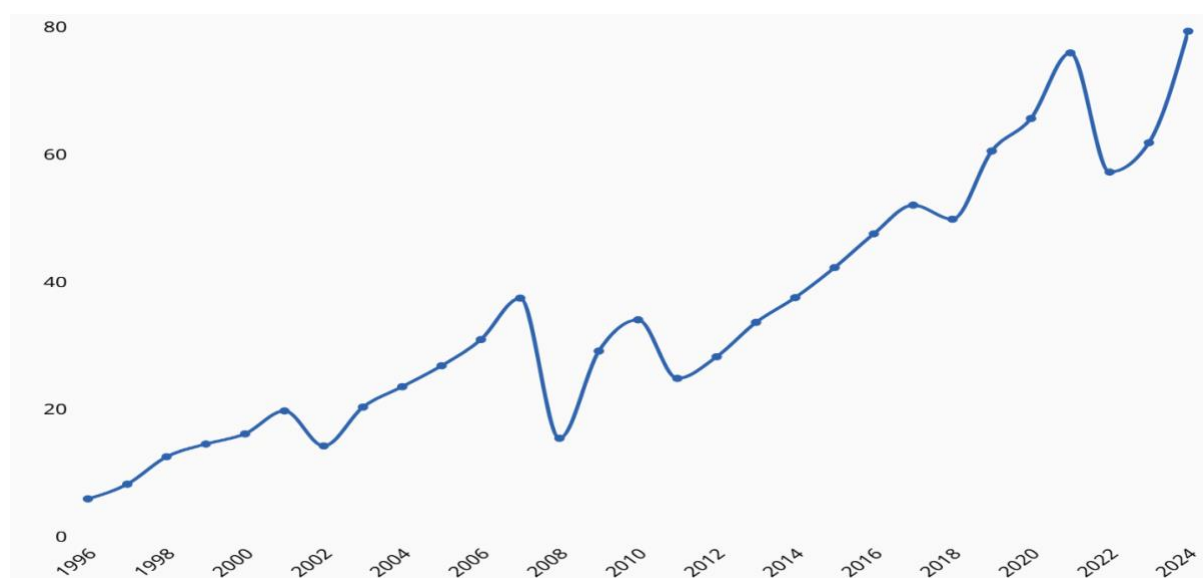
Key Words: Financial Accounting, Intangible Assets, Financial Reporting, Value Measurement, Amortization

JEL Classification: G39, M41, M48

Introduction

Intangible assets are defined as identifiable, non-monetary resources without physical substance that are under the control of an entity as a result of past events or transactions, and from which future economic benefits are expected to be derived (Park et al., 2023). Common examples include registered trademarks, patents, copyrights, proprietary software, goodwill, and organizational know-how. Despite their intangible nature, these assets represent significant economic value and are instrumental in enabling firms to generate long-term revenue streams, consolidate market positioning, and maintain sustainable competitive advantages. In the context of accelerating technological innovation and an increasingly globalized economy, the relevance of intangible assets has become even more pronounced. According to Brown et al. (2025), the World Intellectual Property Organization (hereafter WIPO) reported that, as of 2024, the global valuation of intangible assets held by publicly traded companies reached almost USD 80 trillion, the highest figure recorded since the inception of WIPO's data series in 1996 (see Fig. 1).

Fig. 1: The Value of Intangible Assets of Corporations Worldwide in 2024



Source: (Brown et al., 2025)

As the Fig. 1 shows, global corporate intangible value made a strong recovery in 2024, growing by 28 % from 2023, and surpassing its 2021 peak. As Brown et al. (2025) says, intangible assests include research and development, intellectual property, brands, software, databases, organizational assets, and skills. Brown's research team (2025) also brings data about regional leaders in terms of highest average intangible assets intensity (see Tab. 1).

The United States and Ireland lead their respective regions, reflecting their dominance in knowledge-driven intangibles-rich industries. On the other hand, Brazil, South Africa, India, and Indonesia emerge as top performers in their respective regions – intangible assets are seen there as key drivers of economic progress in middle-income economies (Brown et al., 2025). The central role of intangible assets extends beyond corporate strategy, encompassing broader implications for economic research and policy. A

substantial body of literature has emerged to examine their impact across various organizational and sectoral contexts, particularly with regard to financial performance and value creation. For instance, Qureshi and Siddiqui (2020) conducted a cross-sectional study on technology firms operating in multiple jurisdictions, concluding that firms with a higher concentration of intangible assets tend to exhibit superior profitability indicators. This, in turn, positively influences investor sentiment and contributes to enhanced firm valuation.

Tab. 1: Leaders in Average Intangible Assets Intensity by Region

Rank	Northern America	Latin America, Caribbean	Europe	Sub-Saharan Africa	Northern Africa and Western Asia	Central and Southern Asia	South East and East Asia, Oceania
1	United States	Brazil	Ireland	South Africa	Israel	India	Indonesia
2	Canada	Mexico	Denmark	Nigeria	Saudi Arabia	Bangladesh	Republic of Korea
3		Argentina	Netherlands	Mauritius	Morocco	Pakistan	Australia

Source: (Brown et al., 2025)

The academic discourse surrounding intangible assets also encompasses theoretical and practical challenges, particularly with respect to their definition, recognition, measurement (Van Criecken et al., 2021), and classification in financial reporting. Their findings have also been corroborated across multiple sectors, e.g. industry (Sedláček, 2020), transportation and logistic (Machová et al., 2022), information and communication industry (Malíková et al., 2018), financial sector (Mendes et al., 2018), and in varying regional contexts (Černíková et al., 2021; Lopes et al., 2021; Závodný et al., 2023).

The existing variation in accounting treatments across different regions of the world presents a significant challenge in the process of achieving global accounting harmonization. This phenomenon is not limited to the specific issue of intangible assets but extends to various areas of financial reporting, where differing practices emerge due to distinct factors. In particular, the treatment of intangible assets highlights the complexities inherent in these divergences, as accounting practices are shaped by the unique environments in which they are applied. The academic literature has long addressed this issue, providing a wealth of insights into the reasons behind the adoption of different accounting methods and criteria by various countries. From a complementary standpoint, Lawalata et al. (2024) underscore the decisive role that economic determinants play in shaping the development and implementation of accounting regulations. According to their analysis, a country's level of economic development is directly correlated with its institutional capacity and preparedness to adopt and operationalize international accounting frameworks. Nations equipped with sophisticated financial infrastructures and mature accounting professions are significantly better positioned to integrate these standards effectively. Expanding upon this line of inquiry, Barbosa et al. (2018), Závodný (2023) and Krajňák (2024) draws attention to the considerable financial burdens and operational complexities that

accompany the adoption and implementation of International Financial Reporting Standards (hereafter IFRS). In cases of developing countries, the situation is also aggravated by macroeconomic instability and weak regulatory environments, which collectively erode the political and institutional conditions necessary for a successful standardization process. Such instability poses a significant obstacle to effective alignment with international accounting standards, ultimately hindering the broader goal of global accounting harmonization.

In light of the foregoing discussion, it becomes evident that the heterogeneity of accounting treatments observed across jurisdictions stems not from isolated technical decisions, but from a confluence of historically entrenched, culturally specific, and economically determined factors. The present study aims to conduct a comparative analysis of the accounting treatment of intangible assets within two distinct socioeconomic environments: the Czech Republic and Brazil. This investigation is situated within the broader context of international accounting harmonization, with a specific focus on the alignment of national standards with the IFRS. By examining the respective accounting regulations governing intangible assets in these countries, the study seeks to identify both commonalities and divergences in regulatory approaches, valuation methodologies, and disclosure practices. This comparative perspective not only contributes to a deeper understanding of the role of intangible assets in different institutional contexts but also provides valuable insights into the progress and challenges of global accounting convergence in an information-driven economy.

1. Methods of Research

The methodology employed in this study is qualitative in nature, utilizing both descriptive and comparative approaches to analyze the accounting frameworks governing intangible assets in the Czech Republic and Brazil. The analysis is primarily based on an extensive review of academic literature and normative documents, focusing on the regulatory frameworks and fundamental accounting principles. In addition, a historical research method was partially applied, facilitating the identification of significant developments over time. This approach involved direct engagement with primary sources and a systematic examination of the chronological evolution of institutional and regulatory transformations. The historical perspective thus provided critical context for understanding the current accounting treatments of intangible assets in both countries. Furthermore, the insights gained through this historical approach enabled a reflective consideration of the impact of international harmonization standards and their integration into the domestic accounting practices of each nation.

In alignment with the study's objectives, the following research questions were formulated to guide the investigation:

1. Are the standards concerning intangible assets comparable in national settings?
2. To what extent has the process of accounting harmonization influenced the historical development of accounting frameworks in the Czech Republic and Brazil?

3. Given the influence of international accounting harmonization standards, how do both countries incorporate these guidelines into their respective frameworks for the treatment of intangible assets?

Although this study is based on limiting methods such as the above-mentioned qualitative methodological approach based on secondary data, its results can be seen as valuable, as no similar comparative study dealing with the accounting aspects of intangible assets in the Czech Republic and Brazil has been published so far.

2. Results of the Research

Given the distinct socioeconomic contexts that shape the accounting regulations in both the Czech Republic and Brazil, and recognizing the independent developmental factors in each country, the scope of this analysis is specifically centered on examining the existing frameworks in both countries, while the complex interplay of interconnected factors influencing these accounting practices is acknowledged. It is also important to note that both nations are subject to the global phenomenon of accounting harmonization, which serves as an additional factor considered in this study. By examining the accounting frameworks of two countries with markedly different socioeconomic and institutional contexts, this study offers valuable insights into the varied approaches to the recognition and treatment of intangible assets. In doing so, it not only enriches the broader global discourse on accounting harmonization but also addresses a significant gap in the academic literature, where cross-country comparisons on intangible asset accounting, particularly between nations with such divergent realities, remain largely overlooked.

This section is structured into two main parts. The first part provides a comprehensive overview of the accounting frameworks for intangible assets in both the Czech Republic and Brazil, emphasizing the essential regulatory principles and guidelines that govern their treatment in each country. The second part offers a detailed analysis of the accounting treatment of intangible assets, focusing on the approaches both countries take regarding definition, recognition, measurement, and fluctuations in a value.

2.1 Accounting Frameworks for Intangible Assets in the Czech Republic and Brazil

The accounting framework in the Czech Republic is deeply rooted in the country's historical transition after 1989, when it shifted from a centrally planned economy to a market-driven one. This transition necessitated significant legislative reforms which were enacted by Act No. 563/1991 Coll., commonly known as the Accounting Act which serves as the primary regulatory framework for financial accounting in the Czech Republic (Česko, 1991). Today, it is enforced by the Ministry of Finance of the Czech Republic, which oversees its compliance and application. The Accounting Act forms the basis of the Czech Republic's national accounting framework, which is organized into three interconnected levels. At its core, the Accounting Act establishes the legal foundation for accounting practices, supplemented by implementing six decrees

according to different sector of the economy, and six sets of the Czech Accounting Standards which provide detailed guidance. Both the decrees (Česko, 2002) and the standards are issued by the Ministry of Finance of the Czech Republic, playing a pivotal role in shaping the country's accounting regulations (Malíková et al., 2023). This three level hierarchy of the accounting regulation in the Czech Republic is called Czech Accounting Legislation in this respective study.

Since 2000, the Czech Republic has undergone a significant transformation in its accounting regulations, driven by a series of decrees implementing provisions of the Accounting Act. This transformation has been influenced by the broader international trend toward harmonizing accounting standards, particularly through the adoption of the IFRS (Krajňák, 2024). A major legislative instrument introduced in this context is Decree No. 500/2002 Coll. (for entrepreneurs), which defines the scope, structure, and methodology for preparing financial statements. This decree aligns with the principles established by the European Union, reflecting the Czech Republic's commitment to integrating its accounting practices within the EU's harmonized framework. Notably, Decree No. 500/2002 Coll. (for entrepreneurs) also includes provisions for the reporting of intangible assets which is also followed by accounting treatment incorporated in Czech Accounting Standards (hereafter CAS), namely in CAS No. 013 which solves some accounting policies and procedures with long-lived intangible and tangible assets.

In Brazil, the accounting regulatory framework is primarily based on Corporation Law No. 6,404/76 (CVM, 1976), which underwent significant reforms with Law No. 11,638/07 in 2007. This reform aimed to align Brazil's financial reporting practices with international standards, mirroring the regulatory evolution seen in the Czech Republic. Both frameworks share common features, as Brazilian accounting regulation, like its Czech counterpart, depends on the ongoing issuance of accounting standards. In Brazil, this responsibility lies with the Federal Council of Accounting (hereafter CFC), as outlined in Decree Law No. 9,295/46, and amended by Law No. 12,249/10. Brazilian Generally Accepted Accounting Principles (hereafter Brazilian GAAP) is primarily based on Corporation Law No. 6,404/76, which establishes the legal foundation for accounting practices (CVM, 1976). This framework is supplemented by regulatory decrees and legislative reforms that refine and adapt its provisions, along with Brazilian Accounting Standards, which provide technical and practical guidance. Together, these elements form the core of Brazilian GAAP. A key distinction, however, is that in Brazil, the Federal Council of Accounting (CFC), an autonomous agency, is responsible for issuing accounting standards, operating independently from the government.

A significant milestone in the evolution of Brazilian accounting regulation was the enactment of CFC Resolution No. 1,055/2005, which led to the creation of the Brazilian Accounting Pronouncements Committee (hereafter CPC). Since its establishment, the CPC has played a crucial role in improving the international comparability and consistency of financial reporting, issuing technical pronouncements and adaptations that align IFRS principles with the specificities of the Brazilian context. However, to ensure binding authority, the adaptations made by the CPC to IFRS must be formalized by regulatory bodies overseeing accounting in Brazil, either through the CFC in a general capacity or through other bodies such as the Securities and Exchange Commission of Brazil (hereafter CVM), the National Monetary Council, and the Superintendence of Private Insurance. As

noted by the CFC, since 2010, Brazilian GAAP has been fully converged with IFRS (CPC, 2019). The CPC 04 pronouncement, considered the principal accounting standard regarding intangible assets within the Brazilian framework, is a direct interpretation of IAS 38, first issued in 1998 and revised in 2014. Since 2008, CPC 04 has held official status as an accounting standard, enacted through CVM Resolution No. 553/2008 and CFC Resolutions Nos. 1,139 and 1,140/2008, with its latest revision in 2010. Along with the legislative updates to Brazilian Corporation Law in 2007 and 2009, these provisions form the regulatory core for the treatment of intangible assets in Brazil (CVM, 2021).

2.2 Comparative Analysis of the Accounting Treatment of Intangible Assets

Based on comparative analysis of the approaches of Czech and Brazilian accounting systems, this section focuses on definition, recognition, measurement, and fluctuations in value of intangible assets.

Definition of Intangible Assets in Czech and Brazilian Accounting Systems

The primary focus of the analysis of intangible assets lies in the foundational definitions of this asset category within both the Brazilian and Czech accounting systems. Specifically, it examines how each regulatory framework defines intangible assets. Given the diversity of terminologies used to describe these assets – such as intellectual property, non-physical assets, or intangible resources – the importance of this analysis is underscored when comparing the accounting approaches in the two jurisdictions.

In the Czech Republic, there does not exist any general definition for recognizing the asset's item similarly to IFRS, namely the Conceptual Framework and IAS 38 (IASB, 2025). Intangible assets are defined in Decree No. 500/2002 Coll., Section 6, as "*non-physical development outputs, software, identifiable rights, and goodwill with a useful life exceeding one year, valued according to the accounting entity's assessment, excluding goodwill from this valuation, provided the conditions outlined below are met and the obligations prescribed by law are fulfilled*" (Česko, 2002). This definition is further detailed by specifying that intangible assets must adhere to the principles of materiality and provide a true and fair representation of the asset. Additionally, the category encompasses emission allowances and preferential limits. Czech accounting legislation outlines three key characteristics for recognizing intangible assets: they must lack physical substance, have a useful life exceeding one year, and meet the minimum valuation threshold established by the accounting entity. This prescriptive classification approach emphasizes specific asset categories, such as software and development outputs, rather than offering a broad, interpretative conceptual framework.

Section 6 of Decree No. 500/2002 Coll. also provides a negative definition of intangible assets by explicitly excluding items such as expert assessments, market research, development plans, advertising and promotional proposals, quality system certifications, and software for technology management (Česko, 2002). These items are not recognized

as intangible assets, and they are transformed directly into expenses – which is further illustrating the narrow and prescriptive nature of the Czech framework.

Brazil adopts a more concise and conceptual approach to defining intangible assets. Under CPC 04, item 8, intangible assets are defined as "*an identifiable non-monetary asset without physical substance*" (CVM, 2021). This definition emphasizes the intrinsic characteristics of intangible assets, focusing on their non-physical and identifiable nature. Unlike the Czech model, which relies on predefined asset categories, the Brazilian framework allows for greater interpretive flexibility, permitting entities to assess and recognize intangible assets based on their fundamental attributes rather than adhering to a rigid classification system. This more flexible approach enables a broader range of assets to be considered intangible based on their inherent qualities rather than their categorization in a list (CVM, 2021).

Recognition of Intangible Assets in Czech and Brazilian Accounting Systems

The recognition process of intangible assets is directly tied to the fulfillment of the criteria established within their respective definitions. Whether the definition is based on a predefined list of asset types or a more conceptual approach, it is imperative that all specified requirements are met for the recognition process to be fully supported by the accounting framework.

In the Czech Republic, particularly under Decree No. 500/2002 Coll., Section 6, paragraph 1 outlines the fundamental criteria for recognizing an intangible asset, which include the absence of physical substance, a useful life exceeding one year, and compliance with the minimum valuation threshold set by the accounting entity. Additionally, the asset must align with the examples of intangible assets defined by the applicable regulations in order to qualify for recognition (Česko, 2002).

Furthermore, Section 6, Paragraph 3 (Česko, 2002) specifies the recognition of internally generated intangible assets, particularly those arising from development activities. It clarifies that intangible development results and software that are produced through the entity's own activities for commercialization purposes, or those acquired from third parties, may qualify for recognition. However, intangible assets generated for the entity's own use are not eligible for capitalization under Czech accounting legislation. Development costs related to assets intended for sale, on the other hand, can be capitalized in accordance with the applicable regulatory framework.

In Brazil, the recognition of an intangible asset is governed by Technical Pronouncement CPC 04, particularly paragraph 18. According to this standard, recognition is contingent upon two fundamental criteria: first, the cost of the asset must be reliably measurable, and second, it must be probable that future economic benefits associated with the asset will flow to the entity (CVM, 2019). These criteria are further reinforced by Article 179 of the Brazilian Corporations Law (CVM, 1976), which stipulates that intangible assets must be intended for the maintenance of the company or used in the pursuit of that objective.

In the case of internally generated intangible assets, CPC 04 provides specific guidance, acknowledging the complexities inherent in their recognition. Due to the challenges in assessing whether these assets will generate future economic benefits and whether their costs can be reliably measured, special recognition criteria are outlined. Paragraph 52 of CPC 04 differentiates between internally generated assets in the research phase and the development phase. For recognition, intangible assets must emerge from the development phase, meeting stringent conditions: technical feasibility, the intent and ability to complete and use or sell the asset, clear demonstration of how the asset will generate future economic benefits, the availability of sufficient resources to complete development, and the ability to measure costs reliably (CPC 04, paragraph 57). In contrast, intangible assets arising from the research phase cannot be recognized as they do not meet the condition of demonstrating future economic benefits. As such, all costs incurred in the research phase must be expensed as incurred, in accordance with paragraph 54 of CPC 04 (CVM, 2021).

Measurement of Intangible Assets in Czech and Brazilian Accounting Systems

In the Czech Republic, under Section 25 of the Accounting Act (Česko, 1991), intangible assets must be initially measured at acquisition cost, which encompasses a wide range of directly attributable expenses, if it is required by purchase. These expenses include consulting and brokerage fees, interest, licensing and patent fees, site preparation, project planning, transportation, and installation costs. Moreover, any modification procedures associated with the acquisition of an intangible asset, or part of it, must have all related costs included in the asset's valuation (Česko, 2002, Section 6).

Regarding the measurement of internally generated intangible assets, their value is determined based on internal cost, which encompasses all direct and indirect costs associated with the production of the asset. This includes both production costs and partly indirect costs, provided that the assets are produced internally. If the internal cost exceeds the price common in the market, the accounting unit shall apply the principle "lower of the cost" and evaluate the item by so called replacement cost which reflects a common price of the item at the respective moment (Česko, 1991, Section 25).

In Brazil, according to Brazilian GAAP, the distinction between acquired and internally generated intangible assets is reflected in both the recognition and measurement processes. According to Section 183 of Corporations Law (CVM, 1976), acquired intangible assets must be measured at acquisition cost, less accumulated amortization, in alignment with the historical cost principle. Technical Pronouncement CPC 04 further clarifies that the cost of an intangible asset includes its purchase price, augmented by import taxes, non-recoverable purchase taxes, and any costs directly attributable to preparing the asset for its intended use. Specifically, paragraph 33 of CPC 04 specifies that the acquisition cost corresponds to the fair value of the asset at the acquisition date, reflecting market participants' expectations regarding the likelihood of future economic benefits. As such, the measurement of acquired intangible assets tends to be more straightforward, supported by verifiable financial transactions (CVM, 2021).

In contrast, the measurement of internally generated intangible assets is inherently more complex due to the absence of observable market transactions to support valuation. The

measurement of internally generated intangible assets, while still based on cost, involves determining the total expenditures directly attributable to the creation, production, and preparation of the asset for operational use. These costs should be recognized once the asset meets the criteria for recognition, as outlined in CPC 04, paragraphs 65 and 66. These expenditures include materials, services consumed during the creation process, and any legal registration fees and licenses necessary for the asset's development. However, costs related to training for the asset's operation, losses incurred prior to the asset reaching its expected performance, and indirect costs not directly attributable to its preparation should not be included in the asset's cost measurement (CVM, 2021).

Treatment of Changes in Value and Amortization of Intangible Assets in Czech and Brazilian Accounting Systems

In the Czech Republic, Czech accounting legislation diverges in some aspects significantly from IFRS, particularly also in the amortization of intangible assets. Section 56 of Decree No. 500/2002 Coll. stipulates that intangible assets must be amortized over their useful life according to a predetermined amortization schedule, which can be adjusted to reflect changes in the asset's usage, including its residual value (Česko, 2022). This section explicitly prohibits retroactive adjustments to amortization amounts recorded in previous periods. Moreover, Czech regulations do not allow for the revaluation of intangible assets to fair value after initial recognition, a key distinction from the IFRS framework. In the Czech context, if the useful life of an intangible asset cannot be reliably determined, the amortization period in the case of Goodwill must be set within 60 months, in the case of intangible results of development must be set between 60 and 120 months with a detailed justification provided in the notes to the financial statements (Česko, 2002, Section 56). This requirement causes the differences in comparison with accounting systems that adopted IFRS in full content, as it mandates amortization for all intangible assets, even those with an indefinite useful life, and specifies a fixed time frame. Furthermore, Section 56 does not prescribe a single amortization method, and acknowledges that the component method may be applied, provided that adequate accounting records are maintained for the asset evaluations (Česko, 2002)

In Brazil, the Brazilian GAAP mandates periodic reviews of the amounts recorded for intangible assets to ensure the recognition of impairment losses on invested capital, as well as a reassessment of the criteria used to determine their estimated useful life and to calculate depreciation, depletion, and amortization (CVM, 1976, Article 183). In this regard, Technical Pronouncement CPC 04, in paragraph 74, specifies that after initial recognition, intangible assets must be measured at cost, net of accumulated amortization and impairment losses. Paragraph 75 further states that intangible assets may subsequently be revalued to their fair value, provided that this value is determined based on prices quoted in an active market. In such cases, revaluations must be performed with sufficient regularity to ensure that the carrying amount does not materially differ from the fair value of the asset. Additionally, revaluations must be applied uniformly to the entire class of intangible assets (CVM, 2021). Paragraph 79 of CPC 04 further clarifies that the frequency of revaluations may vary depending on the volatility of the fair value of the intangible assets. Revaluations are not fixed and may be adjusted based on changes in market conditions or the characteristics of the asset itself. Revaluations must be undertaken whenever the fair value of an asset significantly deviates from its carrying

amount. However, the revaluation model is not applicable to intangible assets that have not been previously recognized or those whose initial recognition was based on a measurement other than cost, whether arising from acquisition or internally generated expenditure (CVM, 2021, paragraphs 76 and 77 of CPC 04).

Within Brazilian GAAP, the recognition and amortization of intangible assets must be based on the prior determination of their useful life, which may be classified as either definite or indefinite. Generally, an intangible asset is considered to have an indefinite useful life when there is no foreseeable limit to the period over which it is expected to generate positive net cash flows for the entity (CVM, 2021, paragraphs 88 and 89 of CPC 04). In such cases, the initial carrying amount is not amortized. However, entities must perform impairment tests at least annually or whenever there is any indication that the asset may be impaired, by comparing its recoverable amount to its carrying amount (CVM, 2021, paragraphs 107 and 108 of CPC 04). The indefinite useful life assessment must be reviewed periodically to substantiate its continued validity. If the assessment is no longer valid, the asset must be reclassified to a definite useful life, and the corresponding adjustments should be reflected in the accounts (CVM, 2021, paragraph 109 of CPC 04).

Conversely, intangible assets with a definite useful life must be amortized systematically over their estimated useful life. In accordance with Technical Pronouncement CPC 04, paragraph 97, amortization must begin when the asset is available for use and cease when it is classified as held for sale. The amortization method must reflect the pattern in which the asset's future economic benefits are consumed. If such a pattern cannot be reliably determined, the straight-line method should be applied. While no specific method is mandated when a consumption pattern is identifiable, the chosen method must align with the expected economic benefits derived from the asset. According to CPC 04, paragraph 104, both the amortization period and method must be reviewed annually. The residual value of an intangible asset must be estimated based on the recoverable amount expected from its disposal, utilizing current market prices for similar assets that have reached the end of their useful lives and have been operated under similar conditions. This estimate must also be reviewed periodically, at least at the end of each fiscal year. (CVM, 2021)

3. Discussion

This comparative study supports Krajňák's (2024) argument that the Czech Republic represents a distinctive case in international accounting harmonization. While it does not fully comply with IFRS like Brazil, the Czech model is not entirely disconnected from international standards. In contrast to Brazil's strong alignment with IFRS, the Czech Republic demonstrates both convergence and divergence, reflecting a selectively harmonized accounting system. Both countries engaged in processes of accounting harmonization, although the timing and depth of implementation varied. The Czech Republic began its convergence efforts earlier, in 2000, through a series of decrees issued by the Ministry of Finance (Krajňák, 2024; Malíková, 2018). Brazil, by contrast, initiated its formal alignment with international standards later, through the creation of the Brazilian Accounting Pronouncements Committee by the CFC Resolution No. 1.055 in 2005. Since then, Brazilian accounting standards have been predominantly based on

direct adaptations of the IFRS, resulting in a framework closely aligned with global accounting practices. This convergence extends beyond the treatment of intangible assets and reflects a broader structural alignment with the IFRS conceptual model.

A comparative analysis of the Czech accounting legislation and Brazilian GAAP for defining intangible assets reveals notable differences. Czech accounting legislation primarily follows a list-based definition, identifying specific items as intangible assets and providing a negative list of exclusions, leading to a more rigid and restrictive framework. In contrast, the Brazilian GAAP offers a conceptual definition, similar to IAS 38 of IFRS (IASB, 2025) emphasizing the nature of the asset over predefined categorizations. While both frameworks stress the non-physical nature of intangible assets, Czech accounting legislation combines a prescriptive list with a conceptual approach, making it less flexible compared to the Brazilian framework, which allows a broader interpretation of intangible assets. The treatment of internally generated intangible assets also highlights significant divergences. The Brazilian framework clearly distinguishes between the research and development phases, allowing recognition only for development-phase costs that meet specific capitalization criteria. These phases are defined and treated separately within the framework. The Czech framework, however, integrates research and development activities into a broader category of internally generated or externally acquired items, without offering detailed criteria for capitalizing development costs. Under the Czech model, only development costs related to assets intended for sale are capitalized. This contrasts with the Brazilian approach, where internally generated intangible assets, whether for internal use or commercialization, are recognized based on development costs.

The recognition process of intangible assets is rooted in the conceptual definitions within each framework. Under Brazilian GAAP, recognition is contingent upon an asset fulfilling the definition of an intangible asset fully adopted from Conceptual Framework of IFRS. Conversely, the Czech framework bases recognition on a predefined enumeration of intangible assets, provided they are not excluded by regulation. Additionally, the Czech model requires that recognized intangible assets have a useful life exceeding one year, introducing a temporal criterion not explicitly stated in the Brazilian definition. It is possible to state that the recognition process in both frameworks is largely aligned with IAS 38 (IASB, 2025) particularly in segregating research and development phases. Both frameworks require that costs associated with the development phase be capitalized, provided specific criteria are met. However, the Czech framework is more restrictive, as it only allows the capitalization of development costs for assets intended for sale. It is possible to state, that even both approaches, Czech and Brazilian seem similar, the Brazilian GAAP adopted IAS 38 significantly deeper. The weakness of the present Czech accounting legislation also is in the aspect of still missing general criteria setted for recognizing the asset items.

Regarding the measurement of acquired intangible assets, both the Brazilian and Czech frameworks align with IAS 38, as they value acquired intangible assets at historical cost, which includes the acquisition price and directly associated costs. For internally generated intangible assets, both frameworks base measurement on internal costs, but key differences emerge in the treatment of these costs. Czech accounting legislation seems to be more flexible, allowing some indirect expenses to be included, while Brazilian GAAP

strictly limits recognition to costs directly attributable to the creation, production, and preparation of the asset for its intended use. In practice, the Czech framework requires adding the indirect cost to the value of intangible assets in the same feasible way, but setting such requirement in the Czech accounting legislation is still vague.

The treatment of changes in value and amortization represents a significant divergence between the frameworks. Amortization practices also differ significantly. Under Czech accounting legislation, intangible assets with both finite and indefinite useful lives are amortized according to a predefined schedule ranging in some cases from 60 to 120 months. In contrast, Brazilian GAAP mandates the amortization of intangible assets with finite useful lives, while intangible assets with indefinite useful lives are not amortized. Both frameworks allow for flexibility in selecting amortization methods, but neither prescribes a single method, leaving the choice to reflect the asset's actual pattern of usage. Furthermore, the amortization plan may be revised during the asset's useful life to ensure it aligns with actual utilization. Under Czech accounting legislation, subsequent revaluation of an intangible asset's fair value is not allowed, meaning intangible assets are accounted for at their initial recognized cost, adjusted only for accumulated amortization. In contrast, the Brazilian GAAP permits the subsequent revaluation of fair value, with periodic analysis based on fair value in active markets, similar to assets with comparable characteristics. Alternatively, assets may be maintained at their cost, net of accumulated amortization and impairment losses.

Conclusion

In the context of international accounting harmonization, it is crucial to evaluate accounting frameworks to identify both points of divergence and similarity. Such an analysis not only enhances accounting communication within the corporate world but also contributes to academic literature. This study is particularly valuable as it compares the accounting frameworks of two countries with markedly different socioeconomic contexts, offering significant insights into the ongoing discourse on intangible assets. It follows a pilot contribution (Malíková et al., 2023) and finally it continues in being unique as similar study comparing Czech and Brazilian accounting systems focused on intangible assets was not yet published.

The analysis reveals that both the Czech Republic and Brazil have developed their accounting standards over recent years through the process of international harmonization. However, the Czech Republic distinguishes itself by maintaining domestic practices within the international framework, thereby blending local regulations with global standards. In contrast, Brazil has largely aligned itself with international practices as established by IFRS, reflecting a more uniform approach to global standards. In the Czech Republic, an amendment to the Accounting Act began to be prepared in 2018, which would deepen the alignment with the IFRS, but it has not yet been put into force. Unfortunately, the four-year cycles in which political structures in the Parliament of the Czech Republic are replaced, as well as the crisis caused by the Covid-19 pandemic and the solution to aid to Ukraine affected by the war, have pushed the amendment to Czech accounting legislation into the backdrop. Czech practice, especially entities such as listed

companies, banks and commercial insurance companies, are eagerly awaiting the adoption of changes that will lead to a deeper unification of Czech accounting rules towards international accounting practice (i.e. IFRS). It can be said that Brazil has gained an edge over the Czech Republic in this aspect. It can also be expected that after a deeper acceptance of IFRS in the Czech accounting environment, the differences between the Czech and Brazilian accounting systems will become blurred.

The primary objective of this study was to examine key accounting literature and standards relating to intangible assets, providing a comprehensive analysis of accounting frameworks in both countries, the Czech Republic and Brazil. Future research could expand upon this work by analysis of extended locations, e.g. another countries of Latin America and another member states of the EU. Future research could also be conducting a more focused, in-depth investigation into specific market segments, rather than taking a broad approach as seen in this study. Such an analysis could offer further insights into how different sectors interpret and apply accounting standards even in international level, contributing to a more nuanced understanding of accounting practices used in different countries.

Acknowledgment

The study was made with the kind support of the Faculty of Economics of the Technical University of Liberec in the scope of specific research.

References

- BARBOSA, I., L. N. CARVALHO and L. R. LELIS. (2018). Adoption of IFRS in Brazil: Historical and Cultural Issues. *African Journal of Business Ethics*, 2012, **12**(1): 1-12.
- BROWN, A., A. GARNHAM, A. K. GREWAL, L. R. LEON and S. WUNSCH-VINCENT. (2025). *The value of Intangible Assets of Corporations Worldwide Rebounds to All-Time High of USD 80 Trillion in 2024*. [online]. Geneva: World Intellectual property organization, 2025. [cit. 2025-03-03]. Available at: <https://www.wipo.int/en/web/global-innovation-index/w/blogs/2025/the-value-of-intangible-assets-of-corporations>
- CPC. (2019). *Brazilian GAAP converged with IFRSs*. São Paulo: Brazilian Accounting Pronouncements Committee: 2019.
- CVM. (2021). *The Brazilian Accounting Standards (BRGAAP)* [online]. Rio de Janeiro: Comissão de Valores Mobiliários, 2021. [cit. 2025-04-02]. Available at: <https://www.cvm.gov.br/english/accountingstandards/brgaap.html>
Available at: <https://www.cvm.gov.br/english/accountingstandards/brgaap.html>
- CVM. (1976). *Corporations Law No. 6404/76 of 1976, as amended* [online]. Rio de Janeiro: Comissão de Valores Mobiliários, 1976. [cit. 2025-04-02]. Available at: https://conteudo.cvm.gov.br/export/sites/cvm/subportal_ingles/menu/investors/anexos/Law-6.404-ing.pdf
- ČESKO. (1991). *Zákon č. 563/1991 Sb., o účetnictví, v platném znění* [online]. Praha: Česko, 1991. [cit. 2025-03-03]. Available at: <http://www.zakonyprolidi.cz/>

- ČESKO. (2002). Prováděcí vyhláška k zákonu o účetnictví č. 500/2002 Sb., pro podnikatele. Praha: Česko, 2002. [cit. 2025-03-03]. Available at: <http://www.zakonyprolidi.cz/>
- ČERNÍKOVÁ, M. and Š. HYBLEROVÁ. (2021). Tax Support Evaluation for R&D Activities of Companies. *Technological and Economic Development of Economy*, 2021, **27**(5): 1057-1071.
- IASB. (2025). *IAS 38 – Intangible Assets* [online]. London: International Accounting Standard Board, 2025. [cit. 2025-04-10]. Available at: <http://www.ifrs.org/issued-standards/list-of-standards/ias-38-intangible-assets/>
- KRAJŇÁK, M. (2024). Accounting according to the Czech legislation or IFRS? Czechia case study. *Journal of Business Economics and Management*, 2024, **25**(3): 553–571.
- LAWALATA, J., I. Z. SALLE and L. YULIANA. (2024). The Impact of International Financial Reporting Standards on Global Accounting Practices. *Advances in Applied Accounting Research*, 2024, **2**(2), 83–93.
- LOPES, F. C. and C. CARVALHO. (2021). Intangible Assets and Business Performance in Latin America. *RAUSP Management Journal*, 2021, **56**(4): 408-424.
- MACHOVÁ, V., T. KRULICKÝ and M. BROŽOVÁ. (2022). Valuation of Goodwill Using Weighted Average Return on Assets: Assessment of Average Transport and Storage Enterprise in the Czech Republic. *Entrepreneurship and Sustainability Issues*, 2022, **10**(2): 510-526.
- MALÍKOVÁ, O. and J. M. B. BEDRA. (2023). The Clarity of Financial Reports in the Global Environment: A Comparative Study of Selected Issues in the Czech and Brazilian Accounting Systems. In *Proceedings of the 16th International Conference Liberec Economic Forum 2023*. Liberec: Technical University of Liberec, 2023. pp. 479-487.
- MALÍKOVÁ, O., Z. BRABEC and J. ROZKOVEC. (2018). Financial reporting of intangible assets - evidence on information and communication companies in the Czech Republic. *Journal of International Studies*, **11**(2): 327-341.
- MENDES, P. C. DE M., J. K. NIYAMA, and C. A. T. SILVA. (2018). The Perception of Auditors in the Measurement of Instruments Financial Institutions at Fair Value in Financial Institutions. *Brazilian Business Review*, **15**(4): 363–381.
- PARK, A., E. MAINE, R. FINI, E. RASMUSSEN, A. DI MININ, L. DOOLEY, L. MORTARA, S. LUBIK and Y. ZHOU. (2023). Science-based innovation via university spin-offs: The Influence of Intangible assets. *R&D Management*, 2023, **54**(1): 178–198.
- QRESHI, M., and D. SIDDIQUI. (2020). The Effect of Intangible Assets on Financial Performance, Financial Policies, and Market Value of Technology Firms: A Global Comparative Analysis. *Asian Journal of Finance & Accounting*, 2020, **12**(1): 26-57.
- SEDLÁČEK, J. (2020). Non-Financial Reporting of Industrial Corporations – A Czech Case Study. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, **68**(3): 625-636.
- VAN CRIEKENGEN, K., C. BLOCH and C. EKLUND. (2021). Measuring intangible assets—a review of the state of the art. *Journal of Economic Surveys*, 2021, **36**(5): 1539–1558.
- ZÁVODNÝ, L. and D. A. PROCHÁZKA. (2023). IFRS Adoption and Value Relevance of Accounting Information in the V4 Region. *Economic Research–Ekonomika Istraživanja*, **36**(1): 2573-2591.