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**Currency conversion and functional currency methods**

The Ministry of Finance has announced guidelines for conversion of any items in the financial statements (including currency, asset and liability) of a company or juristic partnership that adopts a foreign currency (i.e. other than Thai baht) as its functional currency. A company or juristic partnership that notified or has obtained an approval from the Director-General of the Revenue Department shall do as follows:

1. Convert any items in the financial statements (including currency, asset and liability) on the last day of the accounting period before the transition to functional currency in accordance with accounting principles and be certified by the auditor under the rules, methods and conditions prescribed by the Minister;
2. Convert any currency, asset and liability balances that are not in functional currency at the end of accounting period into functional currency by using one of the following methods:
  - (1) The average rate between the buying and selling rates of commercial banks, as ascertained by the Bank of Thailand (“BOT”). If this is not viable for certain parts, an approval by the Director-General of the Revenue Department must be obtained in order to apply other rates for such parts;
  - (2) The average buying rate or the average selling rate of the commercial banks as ascertained by the BOT. If it is not viable for certain parts, an approval by the Director-General of the Revenue Department must be obtained in order to apply other rates for such parts.

If the company or juristic person adopts either (1) or (2), the chosen method shall be applied consistently. Any subsequent changes must be approved by the Director-General of the Revenue Department.

In order to adopt foreign functional currency, the company or juristic person can notify or request an approval from the Director-General of the Revenue Department. There are 23 currencies allowable for income tax purposes as follows:

Currency	Abbreviation
United States Dollar	USD
British Pound	GBP
Euro	EUR
Japanese Yen	JPY
Hong Kong Dollar	HKD
Malaysian Ringgit	MYR
Singapore Dollar	SGD
Brunei Dollar	BND
Philippine Peso	PHP
Indonesian Rupiah	IDR
Indian Rupee	INR
Swiss Franc	CHF

Australian Dollar	AUD
New Zealand Dollar	NZD
Canadian Dollar	CAD
Swedish Krona	SEK
Danish Krone	DKK
Norwegian Krone	NOK
Chinese Yuan	CNY
Vietnamese Dong	VND
South Korean Won	KRW
Taiwan Dollar	TWD
United Arab Emirates Dirham	AED

The guidelines shall be applicable from the date of related notifications, i.e. 21 March 2020, onwards.

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