



# Tax News Flash

KPMG in Thailand



Issue 86 : November 2020

## Amendment of Income and Expense Recognition for Financial Businesses

On 30 October 2020, the Thai Revenue Department issued Departmental Regulation No. *Taw.Paw. 329/2563* to amend revenue and expense recognition for businesses in banking, finance, securities, and credit foncier. The Amendment provides that the businesses shall recognize interest income and expense under an accrual basis by using the effective interest rate (EIR) method according to generally accepted accounting methods. This means that the application of a cash basis in recognition of interest income which has been in default for more than three consecutive months is cancelled from now on.

The changes of the regulation are set out below:

Previous Regulation	Amended Regulation
An accrual basis shall be applied in the computation of the revenue and expense of a juristic company or partnership carrying on business in banking, finance, securities and credit foncier under the related laws <b>except for revenue in the form of interest which has been in default for more than three consecutive months. Juristic companies or partnerships may treat interest received thereafter as the revenue of the accounting period in which it is received.</b>	An accrual basis shall be applied in the computation of the revenue and expense of a juristic company or partnership carrying on business in banking, finance, securities and credit foncier under the related laws <b>where the computation of interest income and expense must be computed by the EIR method according to generally accepted accounting methods.</b>

We note that the revenue and expense recognition for life insurance, credit card or any other business of a similar nature remains unchanged.

This Regulation is effective from the accounting period commencing on or after 1 January 2020.

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