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Revenue Department Notification on Calculation of Foreign Currency Value at the End of the Accounting Period

The Revenue Department has issued an announcement, dated July 7, 2026, regarding the calculation of the value or price in foreign currency of currency, assets, or liabilities remaining on the last day of the accounting period into Thai Baht. This establishes the criteria for converting these balances to calculate net profit for corporate income tax purposes under Section 65 Bis (5) of the Revenue Code. According to the announcement, juristic persons must use the exchange rate calculated by the Bank of Thailand (BOT) on the last day of the accounting period, with specific rules applied depending on the type of entity.

General companies or juristic partnerships, excluding commercial banks or financial institutions, can choose to apply one of two calculation methods. They may opt to use the average rate between the buying and selling rates of commercial banks, as calculated by the BOT, for all currency, assets, and liabilities. Alternatively, they may use a separate rate method, applying the average buying rate (choosing either the buying rate for bills or wire transfers in accordance with their recognized accounting policies) for currency and assets, and the average selling rate for liabilities. A critical requirement is the consistency principle; once a specific calculation method is chosen, it must be applied consistently in all subsequent accounting periods. It cannot be changed unless formal prior approval is granted by the Director-General of the Revenue Department.

In contrast, commercial banks or other financial institutions designated by the Minister are strictly required by law to use only the average rate between the buying and selling rates of commercial banks, as calculated by the BOT, for all currency, assets, and liabilities. Furthermore, for any juristic person, if the last day of the accounting period coincides with a Bank of Thailand holiday—such as December 31st, which is typically a year-end holiday for financial institutions—the entity must use the BOT exchange rate from the last working day prior to that holiday to record its exchange rate adjustments and unrealized gains or losses.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com