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Determination of Conditions for Conversion of Amounts Quantified in a Currency other than the United Arab Emirates Dirham for the Purposes of the Federal Decree- Law No. 47 of 2022 on the Taxation of Corporations and Businesses

Federal Tax Authority Decision No. 13 of 2023

Issued 16 August 2023 – (Effective from 1 June 2023)

The Chairman of the Board of Directors of the Federal Tax Authority has decided:

- Having reviewed the Constitution,
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- Federal Decree-Law No. 28 of 2022 on Tax Procedures,
- Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses,
- Cabinet Decision No. 74 of 2023 on the Executive Regulation of Federal Decree-Law No. 28 of 2022 on Tax Procedures,
- Decision of the Chairman of the Board of Directors No. 9 of 2021 on the Delegation of the Vice Chairman of the Board of Directors of the Federal Tax Authority, and
- Pursuant to the approval of the Board of Directors on the policy of Determination of Conditions for Converting of Amounts Quantified in a Currency other than the United Arab Emirates Dirham, at the twenty-seventh meeting held on 22 June 2023.



Article 1 – Definitions

The words and expressions contained in this Decision shall have the same meaning assigned against each in Federal Decree-Law No. 47 of 2022 referred to above, unless the context otherwise requires.

Article 2 – Conditions for Converting of Amounts Quantified in a Currency other than the United Arab Emirates Dirham

For the purposes of Article 43 of Federal Decree-Law No. 47 of 2022 referred to above, the Taxable Person who uses a currency for accounting purposes other than the UAE Dirham shall convert such amounts to the UAE Dirham for the purposes of calculating the Corporate Tax Payable and submitting the related Tax Return, according to the following conditions:

1. The Taxable Person shall convert the amounts to UAE Dirham in the following order:
 - a. The spot rate published by the Central Bank of the UAE as per the date of the transaction, if the accounting system of the Taxable Person is able to convert the currency of each transaction, or the number of transactions makes it practical to convert the amounts manually.
 - b. If it is not practical to use the spot rate, the average monthly exchange rate of the Central Bank of the UAE shall be used where such rate provides an acceptable approximate estimation of the Corporate Tax Payable based on the number and timing of transactions within the Financial Year.
 - c. If it is not practical to use the exchange rates in paragraphs (a) and (b), the average annual exchange rate of the Central Bank of the UAE shall be used.
2. The Taxable Person shall use a currency conversion method continuously to calculate all relevant amounts throughout the Tax Period.
3. The Taxable Person shall keep records documenting the reason for selecting a method for currency conversion, rates used, rationale, and mechanisms applied to all currency conversion accounts.



4. In case the Taxable Person changes the currency conversion method in a Tax Period, they should keep records documenting the relevant reason and rationale.

Article 3 – Abrogation of Conflicting Provisions

Any provisions contrary to or inconsistent with the provisions of this Decision shall be abrogated.

Article 4 – Implementation of the Decision

This Decision shall be published in the Official Gazette and shall come into effect as of 1 June 2023.