

UAE CORPORATE TAX LAW

CT Alert - 30 MAY 2023

Ministerial Decision No. 114 of 2023 | Accounting Standards and Methods

The Ministry of Finance (MOF) has issued Decision No. 114 of 2023 on the Accounting Standards and Methods for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

Summary of Decision

Cash basis of accounting

A Person may prepare Financial Statements using the Cash Basis of Accounting in any of the following instances:

- Where the Person derives Revenue not exceeding AED 3 million.
- In exceptional circumstances, after obtaining requisite approval from the Authority.

International Financial Reporting Standards for small and medium-sized entities (IFRS for SMEs)

A Taxable Person deriving Revenue not exceeding AED 50 million may apply IFRS for SMEs for preparation of Financial Statements.

Key Takeaways

- The Decision provides significant relief for small and medium businesses in terms of preparation of Financial Statements.
- Maintenance of books of account using Cash System of Accounting may necessitate reconciliation statements to be made with other records maintained on accrual basis, for instance, VAT records.

Disclaimer

The above seeks to summarise the update from the relevant authority. The same may not be construed to be a written opinion on matters that may require specific examination of the Decree on a case-to-case basis.

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