

**Ministerial 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**

Minister of State for Financial Affairs:

- Having reviewed the Constitution,
- Federal Law No. 1 of 1972 on the Competencies of Ministries and Powers of the Ministers, and its amendments,
- 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,

Has decided:

**Article (1)
Definitions**

Words and expressions in this Decision shall have the same meanings specified in the Federal Decree-Law No. 47 of 2022 referred to above (“**Corporate Tax Law**”), and the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

Financial Statements: A complete set of statements as specified under the Accounting Standards applied by the Taxable Person, which includes, but is not limited to, statement of income, statement of other comprehensive income, balance sheet, statement of changes in equity and cash flow statement.

Cash Basis of Accounting: An accounting method under which the Taxable Person recognises income and expenditure when cash payments are received and paid.

**Article (2)
Preparing Financial Statements Using the Cash Basis of Accounting**

For the purposes of paragraph (a) of Clause (5) of Article (20) of the Corporate Tax Law, a Person may prepare Financial Statements using the Cash Basis of Accounting, in any of the following instances:

1. Where the Person derives Revenue that does not exceed AED 3,000,000 (three million United Arab Emirates dirhams).
2. In exceptional circumstances and pursuant to an application submitted by the Person to the Authority.

Article (3)
Financial Statements

For the purposes of paragraph (b) of Clause (5) of Article (20) of the Corporate Tax Law, the reference to the preparation of consolidated Financial Statements of a Tax Group under Clause (11) of Article (42) of the Corporate Tax Law shall mean the preparation of standalone Financial Statements on the basis of the aggregation of the standalone Financial Statements of the Parent Company and each Subsidiary that is a member of the Tax Group, eliminating the transactions between them as required under Clause (1) of Article (42) of the Corporate Tax Law.

Article (4)
Applicable Accounting Standards

1. For the purposes of Clause (1) of Article (20) of the Corporate Tax Law, a Taxable Person shall apply the International Financial Reporting Standards (“**IFRS**”).
2. Without prejudice to the provisions of Clause (1) of this Article, a Taxable Person deriving Revenue that does not exceed AED 50,000,000 (fifty million United Arab Emirates dirhams) may apply International Financial Reporting Standards for small and medium-sized entities (“**IFRS for SMEs**”).

Article (5)
Publication and Application of this Decision

The Decision shall be published and shall come into effect the day following the date of its publication.

Mohamed bin Hadi Al Hussaini
Minister of State for Financial Affairs

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