

## IFRS APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Thailand**



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This Profile provides information about the application of IFRS Standards in Thailand. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Federation of Accounting Professions of Thailand (FAP or the Federation)
Role of the organisation	The FAP is the official accounting standards-setting body in Thailand. The FAP was created under the Accounting Professions Act 2004. Accounting standards are set by the Federation's Accounting Standards Committee (ASC). Six members of the ASC represent regulators (securities, banking, insurance, etc) and the others are from academia, international audit firms, and industry. Members of the ASC are appointed by the FAP board. However, issuing of accounting standards requires approval from the Oversight Board of Accounting Profession (namely Kor Kor Bor).
Website	<a href="http://www.tfap.or.th/Home/Main">http://www.tfap.or.th/Home/Main</a>
Email contact	<a href="mailto:ncoa@fap.or.th">ncoa@fap.or.th</a> and <a href="mailto:fap@fap.or.th">fap@fap.or.th</a>

#### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>This is stated on the <a href="#">Federation's website</a> in Thai language.</p>
What is the jurisdiction's status of adoption?	<p>Thailand has adopted all IFRS Standards with a one-year delay from the equivalent IFRS Standard's effective date, with the exception of the Standards relating to financial instruments (IAS 32 <i>Financial Instruments: Presentation</i>, IAS 39 <i>Financial Instruments: Recognition and Measurement</i>, IFRS 7 <i>Financial Instruments: Disclosures</i>, and IFRS 9 <i>Financial Instruments</i>) and first time adoption (IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>).</p> <p>The standards are known as Thai Financial Reporting Standards (TFRSs).</p>
Additional comments provided on the adoption status?	<p>As of 1 January 2017, TFRSs are aligned with the IFRS Bound Volume 2016.</p> <ol style="list-style-type: none"> <li>The FAP has announced a roadmap for adoption of IFRS Standards: <ul style="list-style-type: none"> <li>Plan to adopt IFRS Standards one year after the IFRS Standard's effective date. For example, IFRS Bound Volume 2017 will become effective 1 January 2018, except for the Standards on financial instruments (see below).</li> </ul> </li> <li>The following standards are local GAAP and not comparable to IFRS Standards. They will all be superseded when IFRS 9, IAS 32, and IFRS 7 become effective in Thailand in 2019: <ul style="list-style-type: none"> <li>TAS 101 <i>Doubtful Debt and Bad Debt</i></li> <li>TAS 103 <i>Disclosures in the Financial Statements of Bank and Similar Financial Institutions</i></li> <li>TAS 104 <i>Accounting for Troubled-Debt Restructurings</i></li> <li>TAS 105 <i>Accounting for Investments in Debt and Equity Securities</i></li> <li>TAS 106 <i>Accounting for Investment Companies</i></li> <li>TAS 107 <i>Financial Instruments: Presentation and Disclosure</i></li> </ul> </li> <li>The following guidelines address specific issues not covered by IFRS Standards: <ul style="list-style-type: none"> <li><i>Guideline on Accounting for Stock Dividends</i></li> <li><i>Guideline on Accounting for Business Combinations Under Common Control</i></li> <li><i>Guideline on Accounting for Treasury Stock</i></li> </ul> </li> <li>The following guidelines were translated from certain parts of IFRS Standards that have yet to become effective in Thailand: <ul style="list-style-type: none"> <li><i>Guideline on Accounting Regarding Derecognition of Financial Assets and Financial Liabilities</i> (from IFRS 9)</li> <li><i>Guideline on Accounting for Insurance Business in Designating Financial Instruments as at Fair Value through Profit or Loss</i> (from IFRS 9)</li> </ul> </li> <li>Regarding the IFRS Standards for financial instruments, the FAP has committed to adopt IFRS 9, IAS 32 and IFRS 7 in 2019 (one year delay from IFRS 9). Between now and 2019, the FAP plans to issue Thai equivalents of IFRS 9, IAS 32 and IFRS 7 in 2017, and to encourage early adoption. The FAP plans to adopt IFRS 15 <i>Revenue from Contracts with Customers</i> in 2019, IFRS 16 <i>Leases</i> in 2020, and IFRS 17 <i>Insurance Contracts</i> tentatively in 2022 (one-year delay from the expected IFRS 17 effective date).</li> </ol> <p>In addition, FAP is in the process of adopting a new accounting standard for small and medium-sized entities that is identical to the <i>IFRS for SMEs</i> Standard (amendment 2015), with the expected effective date in 2018.</p> <p>The main reasons that adoption of IFRS Standards is delayed by one year in Thailand are the need to translate the standards into the Thai language and to</p>

complete the FAP's due process. The FAP's stated policy is that IFRS Standards will be effective no later than one year from the International Accounting Standards Board's effective date.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?

No.

There are two stock exchanges in Thailand:

- [The Stock Exchange of Thailand \(SET\)](#)
- [Market for Alternative Investment \(MAI\)](#)

Thai Accounting Standards (TAS) as adopted by the FAP and published in the *Government Gazette* are required for the following entities:

- Entities whose equity or debt instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing securities in a public market.
- Entities whose operation is mainly holding assets in a fiduciary capacity for a broad group of outsiders, such as financial institutions, insurance companies, securities companies, mutual funds, agricultural futures market, in accordance with relevant laws.
- Public companies under Public Company Act.

Thai Accounting Standards are substantially converged with IFRS Standards. See [details above](#) in the Commitment to Global Financial Reporting Standards section of this profile. The Stock Exchange permits listed companies to apply 'Thai Accounting Standards Plus IFRS Standards' – that is, to use those IFRS Standards that have not yet been adopted as Thai Accounting Standards in addition to those that have been adopted (with added disclosures). Some listed companies have used the 'Thai Accounting Standards Plus IFRS Standards' approach.

If YES, are IFRS Standards REQUIRED or PERMITTED?

Not applicable.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

Not applicable.

Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Thai public interest entities are required to prepare both consolidated and separate financial statements in conformity with TFRSs.

For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	TFRSs are required in the separate financial statements of companies whose securities are traded in the public market. Thai Accounting Standard 27 was translated from IAS 27 <i>Separate Financial Statements</i> .
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	Not applicable.
If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	The official language in Thailand is Thai. Thus, accounting standards that are to be enforced as laws are required to be in Thai by the Accounting Professions Act of B.E. 2004. Therefore, the IFRS Standards in English cannot be directly endorsed in Thailand.

**For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:**

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	IFRS Standards are permitted.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

**IFRS ENDORSEMENT**

Which IFRS Standards are required or permitted for domestic companies?	Not applicable.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	Thai Financial Reporting Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	Not applicable.
Are IFRS Standards incorporated into law or regulations?	No.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?	No.

If yes, what is the process?	<p>IFRS Standards are not endorsed as IFRS Standards. The process that the FAP uses in adopting Thai Accounting Standards that are converged with IFRS Standards is as follows:</p> <ul style="list-style-type: none"> <li>• The IFRS Standards is translated into the Thai language.</li> <li>• The Thai language standard is issued in draft for public hearings.</li> <li>• The Federation of Accounting Profession (FAP) and the Accounting standards Committee conduct public seminars, focus group discussions, etc to obtain comments.</li> <li>• The Supervisory Accounting board of FAP approves the final standard and the FAP board also approves the standard.</li> <li>• The Oversight Board of FAP (Kor Kor Bor) endorses the standard. Oversight Board members are regulators and other government officials.</li> <li>• The standard is published in the Government Gazette.</li> <li>• The standard becomes effective after publication in the Gazette.</li> </ul>
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	As explained above, the FAP's stated policy is that IFRS Standards will be effective no later than one year from the effective date in the IFRS Standard. So the TFRS will be amended regularly.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	Not applicable.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	Yes.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	As described <a href="#">above</a> in the IFRS Endorsement section of this profile.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs?	No.
If no, is the adoption of the IFRS for SMEs Standard under consideration?	Yes. The IFRS for SMEs has been translated into Thai, and it is currently in the FAP's adoption due process. Its effective date is expected to be 1 January 2019.
Did the jurisdiction make any modifications to the IFRS for SMEs Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so?	See below.

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For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use?

Currently SMEs in Thailand can use either (a) Thai Accounting Standards (TAS) or (b) the Thai Accounting Standard for Non-Publicly Accountable Entities (NPAEs). The FAP states that Thai GAAP for NPAEs is 'short and simple and uses a historical cost measurement basis'.

As noted above, Thailand is in process of adopting the IFRS for SMEs Standard in full without modification, to be known as the Thai Financial Reporting Standard for SMEs (TFRS for SMEs), with an expected effective date of 2017. A study is currently in progress as to which type of entity will be required to adopt the TFRS for SMEs. The proposed plan is for a two-tier approach, namely:

- Tier 1 would apply TFRS for SMEs in full; and
- Tier 2 would apply TFRS for SMEs with exception for certain sections.

The criteria for separation between tier 1 and tier 2 are in process of discussion.

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Other comments regarding use of the IFRS for SMEs Standard?

None.

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