

Your accountancy currency

The bookkeeping of your company should in principle be kept in euro. In exceptional cases your bookkeeping and your annual accounts can be drafted in another currency. A special procedure should be taken into consideration.

General rule: annual accounts in euro

In principle the annual accounts should be drafted in euro. But in certain cases annual accounts in euro are not appropriate, because, due to exchange rate or calculation differences, they would give an incorrect view of the economic reality. Companies having their commercial activity fully abroad, can apply for a derogation. The application conditions and the importance of functional currency can be found in the advice 117-3 of 26 November 2008 of the Accounting Standards Commission (ASC).

Exception: annual accounts in another currency than euro

The procedure to apply for a derogation of the accounting obligations is laid down in the accounting legislation (now art. III.94 of the Economic Law Code) and the Belgian Companies Code (art. 125 §1).

The bookkeeping and the annual accounts of your company should be drafted in the functional currency. The **functional currency** is the currency of the most important economical environment in which your company operates. Determining the functional currency is done based on different factors such as the currency which is mainly determining the sales price of goods and services; the currency of the country where the competition and legislation mainly determine the sales price of the goods or services; the currency generating the means of financing activities; the currency mainly determining the labour and materials cost, and other costs for the supply of goods or services; and the currency in which the operational activities receipts' are kept.

When applying for a derogation on keeping your bookkeeping and drafting your annual accounts in euro, you should motivate the use of functional currency based on the indications above. This implies that the major part of the assets, liabilities and profits are processed in the concerned foreign currency.

Additional conditions

Next to determining the functional currency, additional conditions apply before the bookkeeping can be kept and the annual accounts can be drafted in the functional currency, other than the euro.

The corporate capital should be legally in the functional currency in which the annual accounts will be drafted. In the explanation, reference should be made to the agreed derogation. This derogation will only be obtained for three consecutive financial years. If you want an extension for later financial years, you should provide with your application proof so it can be determined whether the conditions are still complied with. It is important to refer in the explanation to the annual accounts to the derogation which was previously granted by the minister.

If the board of directors wants to change the determined functional currency, a new application should be made, unless the board decides to switch to the euro during the period for which the derogation applies. The board should after all monitor that the company complies the conditions and mentions it in the annual accounts.

Special cases

For **Belgian branches of foreign companies** wanting to keep their bookkeeping and annual accounts in another currency than the euro, a derogation is granted when the operations of the branch mainly take place outside the eurozone and the main part of credits and liabilities and the results are situated in this currency zone (advice ASC 2013/10).

For **companies not having deposited their annual accounts** at the time they apply for keeping the bookkeeping and annual accounts in another currency than the euro, the ASC will advise the minister to grant the derogation for only one year (advice ASC 2011/12).

Application for a derogation of the accounting obligations

The application for a derogation of the accounting obligations can be made with the FPS Economy, SME's, Self-employed and Energy, General Direction Economic Regulations, Division Financial and Accounting regulations, North Gate III, Koning Albert II-laan 16, 1000 Brussels.

In order to speed up the procedure, you can send a copy of the application to the President of the Accounting Standards Commission (City Atrium - 8th floor, for the attention of M Jan Verhoeve, Vooruitgangstraat 50, 1210 Brussel).

After advice of the ASC the file is transferred to the minister of Economic Affairs Small companies can ask for a derogation to the minister authorised for Small Businesses. If the derogation is granted, conditions can be imposed and a well determined and extendible period can be given.

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