Example

to calculate the

Average Exchange Rates (in terms of the Income Tax Act, 1962)

Company A changes its year of assessment from December to February and will submit a return covering the period of 14 months (1/1/2003 to 29/2/2004).

The average exchange rate for this year of assessment will thus be calculated over the 14 month period.

The calculation for Australian Dollar, for instance, will thus be –

- the sum of the average interest rates of the 14 months of that period,
- divided by 14,
- = the average exchange rate to be used.

1 January 2003 to 29 February 2004	
2003	
Month	**Monthly Average Exchange Rate for Australian Dollar**
January	5.0596
February	4.9399
March	4.8524
April	4.6913
May	4.9641
June	5.2495
July	4.9974
August	4.8134
September	4.8384
October	4.8288
November	4.8212
December	4.8096
2004	
January	5.3257
February	5.2633
Total of 14 months	**69.4546**
divided by 14	**÷ 14**
Average Exchange Rate to be used for this period	**= 4.9610**