IFRS and Indonesian GAAP (IFAS) Similarities and Differences

November 2020

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Introduction

This publication provides a summary of the key differences between the Indonesian Financial Accounting Standards (IFAS) and the International Financial Reporting Standards (IFRS) that are required for annual reporting periods beginning on 1 January 2020.

This publication does not include additional specific requirements applicable for listed companies as prescribed by Indonesian Financial Service Authority (Otoritas Jasa Keuangan / OJK). Please refer to the other specific publication on this matter. This summary is not a substitute for reading the accounting standards and interpretations themselves. While every effort has been made to ensure accuracy, this publication is not comprehensive and information may have been omitted which may be relevant to a particular user.

Comparing International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) with Indonesian Financial Accounting Standards (IFAS)

Below are the key comparisons between the IFAS and the IFRS/IAS required for annual reporting periods beginning on 1 January 2020.

IFRS		PSAK		Differences
IFRS 1	*First-time Adoption of International Financial Reporting Standards*	**-**	*No equivalent standard*	IFRS 1 will not be adopted as it has been considered or included in the transitional provisions in the individual standards/ interpretations.
IFRS 2	*Share-based Payment*	**PSAK 53**	*Share-based Payment*	PSAK 53 is consistent with IFRS 2 in all significant respects.
IFRS 3	*Business Combinations*	**PSAK 22**	*Business Combinations*	PSAK 22 is consistent with IFRS 3 in all significant respects, except for the additional references to the Indonesian accounting standards, PSAK 28 and PSAK 36. Additionally, the current version of PSAK 22 has not adopted the recent amendment to IFRS 3 related to the definition of a business. Under IFAS, this amendment will be effective on 1 January 2021.
IFRS 4	*Insurance Contracts*	**PSAK 62** **PSAK 28** **PSAK 36**	*Insurance Contracts* *Accounting for Loss Insurance* *Accounting for Life Insurance*	PSAK 62 is adopted from IFRS 4 except for the requirement in IFRS 4 to measure the insurance liabilities on an undiscounted basis because it contradicts PSAK 28 and PSAK 36. In May 2017, the IASB has issued IFRS 17. The standard will be effective on 1 January 2023 and early application is permitted. IFRS 17 supersedes IFRS 4. PSAK 28 and 36 are complementary to the requirements in PSAK 62. There are no standards in IFRS/IAS which are equivalent to PSAK 28 and 36.
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	**PSAK 58**	*Non-current Assets Held for Sale and Discontinued Operations*	PSAK 58 is consistent with IFRS 5 in all significant respects.
IFRS 6	*Exploration for and Evaluation of Mineral Resources*	**PSAK 64**	*Exploration and Evaluation of Mineral Resources Mining*	PSAK 64 is consistent with IFRS 6 in all significant respects.

IFRS		PSAK		Differences
IFRS 7	*Financial Instruments: Disclosures*	**PSAK 60**	*Financial Instruments: Disclosures*	PSAK 60 is consistent with IFRS 7 in all significant respects.
IFRS 8	*Operating Segments*	**PSAK 5**	*Operating Segments*	PSAK 5 is consistent with IFRS 8 in all significant respects.
IFRS 9	*Financial Instruments*	**PSAK 71**	*Financial Instruments*	PSAK 71 is consistent with IFRS 9 in all significant respects and is effective from 1 January 2020.
IFRS 10	*Consolidated Financial Statements*	**PSAK 65**	*Consolidated Financial Statements*	PSAK 65 is consistent with IFRS 10 in all significant respects, except for the exception to prepare consolidated financial statement for the parent entity as stipulated in IFRS 10 paragraph 4 (a). The current version of PSAK 65 has not adopted the amendment to IFRS 10 related to sale or contribution of assets between an investor and its associate or joint venture. IASB deferred the effective date of the amendment indefinitely.
IFRS 11	*Joint Arrangements*	**PSAK 66**	*Joint Arrangements*	PSAK 66 is consistent with IFRS 11 in all significant respects.
IFRS 12	*Disclosure of Interests in Other Entities*	**PSAK 67**	*Disclosures of Interest in Other Entities*	PSAK 67 is consistent with IFRS 12 in all significant respects.
IFRS 13	*Fair Value Measurement*	**PSAK 68**	*Fair Value Measurement*	PSAK 68 is consistent with IFRS 13 in all significant respects.
IFRS 14	*Regulatory deferral accounts*	**-**	*No equivalent standard under PSAK*	IFRS 14 has not been adopted in Indonesia. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment, and de-recognition of regulatory deferral accounts.
IFRS 15	*Revenue from contract with customers*	**PSAK 72**	*Revenue from contract with customers*	PSAK 72 is consistent with IFRS 15 in all significant respects and is effective from 1 January 2020.
IFRS 16	*Leases*	**PSAK 73**	*Leases*	PSAK 73 is consistent with IFRS 16 in all significant respects and is effective from 1 January 2020.

IFRS		PSAK		Differences
IFRS 17	*Insurance Contracts*		*PSAK 62 adopted from IFRS 4, refer to section above*	As at the date of this publication, IFRS 17 has not yet been adopted in Indonesia. For IFRS reporters, the standard will be effective on 1 January 2023 and early application is permitted. IFRS 17 supersedes IFRS 4.
IAS 1	*Presentation of Financial Statements*	**PSAK 1 (Amended 2019)**	*Presentation of Financial Statements*	PSAK 1 is consistent with IAS 1 in all significant respects. However, several differences noted are as follows: • PSAK 1 defines that IFAS consists of the Statements of Financial Accounting Standards, their interpretations and financial reporting rules issued by capital market authorities. IAS 1 does not include the latter. • Under PSAK 1, where compliance with the PSAK would be so misleading that it would conflict with the objectives of the financial statements, an entity is not allowed to depart from the relevant standards; however it may disclose the fact that: (a) the application of those standards would be misleading and (b) an alternative reporting basis should be applied to achieve fair presentation of the financial statements. IAS 1, under similar circumstances, allows for departure from the prevailing standards. • PSAK 1 states that management are responsible for preparation and presentation of financial statements.
IAS 2	*Inventories*	**PSAK 14**	*Inventories*	PSAK 14 is consistent with IAS 2 in all significant respects.
IAS 7	*Statement of Cash Flows*	**PSAK 2**	*Statement of Cash Flows*	PSAK 2 is consistent with IAS 7 in all significant respects.
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	**PSAK 25**	*Accounting Policies, Changes in Accounting Estimates and Errors*	PSAK 25 is consistent with IAS 8 in all significant respects.
IAS 10	*Events after the Reporting Period*	**PSAK 8**	*Events after the Reporting Period*	PSAK 8 is consistent with IAS 10 in all significant respects, except that IAS 10 requires disclosure in cases where owners or other parties have the power to amend financial statements after issue. PSAK does not require such disclosure.

IFRS		PSAK		Differences
IAS 16	*Property, Plant and Equipment*	**PSAK 16**	*Fixed Assets*	PSAK 16 is consistent with IAS 16 in all significant respects. However, the Indonesian Financial Accounting Standards Board (DSAK-IAI) is planning to issue an interpretation, ISAK 36, that will clarify the interaction between PSAK 16 and PSAK 73 in the context of accounting for land rights. The proposed interpretation is still an exposure draft at date of this publication
IAS 19	*Employee Benefits*	**PSAK 24**	*Employee Benefits*	PSAK 24 is consistent with IAS 19 in all significant respects.
IAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*	**PSAK 61**	*Accounting for Government Grants and Disclosure of Government Assistance*	PSAK 61 is consistent with IAS 20 in all significant respects.
IAS 21	*The Effects of Changes in Foreign Exchange Rates*	**PSAK 10**	*The Effects of Changes in Foreign Exchange Rates*	PSAK 10 is consistent with IAS 21 in all significant respects.
IAS 23	*Borrowing Costs*	**PSAK 26**	*Borrowing Costs*	PSAK 26 is consistent with IAS 23 in all significant respects.
IAS 24	*Related Party Disclosures*	**PSAK 7**	*Related Party Disclosures*	PSAK 7 is consistent with IAS 24 in all significant respects.
IAS 26	*Accounting and Reporting by Retirement Benefit Plans*	**PSAK 18**	*Accounting and Reporting by Retirement Benefit Plans*	PSAK 18 is consistent with IAS 26 in all significant respects.
IAS 27	*Separate Financial Statements*	**PSAK 4**	*Separate Financial Statements*	PSAK 4 is consistent with IAS 27 in all significant respects, except the fact that PSAK 4 does not allow a parent entity to present its own separate financial statements as standalone general purpose financial statements. PSAK 4 stipulates that the separate financial statements have to be presented as supplementary information to the consolidated financial statements.
IAS 28	*Investments in Associates and Joint Ventures*	**PSAK 15**	*Investments in Associates and Joint Ventures*	PSAK 15 is consistent with IAS 28 in all significant respects, except for the exemption from applying the equity method of accounting for its associates or joint venture if the parent is exempt from preparing consolidated financial statements by the scope exception in IFRS 10 paragraph 4 (a). Such scope exception is not adopted in PSAK 65. The current version of PSAK 15 has not adopted the amendment to IAS 28 related to sale or contribution of assets between an investor and its associate or joint venture. IASB deferred the effective date of the amendment indefinitely.

IFRS		PSAK		Differences
IAS 29	*Financial Reporting in Hyperinflationary Economies*	**PSAK 63**	*Financial Reporting in Hyperinflationary Economies*	PSAK 63 is consistent with IAS 29 in all significant respects.
IAS 32	*Financial Instruments: Presentation*	**PSAK 50**	*Financial Instruments: Presentation*	PSAK 50 is consistent with IAS 32 in all significant respects.
IAS 33	*Earnings per Share*	**PSAK 56**	*Earnings per Share*	PSAK 56 is consistent with IAS 33 in all significant respects.
IAS 34	*Interim Financial Reporting*	**PSAK 3**	*Interim Financial Reporting*	PSAK 3 is consistent with IAS 34 in all significant respects. However, under the prevailing capital market regulations, listed companies are required only to report cumulative year-to-date information (and related comparatives) for the Statement of Comprehensive Income ("SoCI") and are not required to present current interim period SoCI.
IAS 36	*Impairment of Assets*	**PSAK 48**	*Impairment of Assets*	PSAK 48 is consistent with IAS 36 in all significant respects.
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	**PSAK 57**	*Provisions, Contingent Liabilities and Contingent Assets*	PSAK 57 is consistent with IAS 37 in all significant respects.
IAS 38	*Intangible Assets*	**PSAK 19**	*Intangible Assets*	PSAK 19 is consistent with IAS 38 in all significant respects.
IAS 39	*Financial Instruments: Recognition and Measurement*	**PSAK 55**	*Financial Instruments: Recognition and Measurement*	PSAK 55 is consistent with IAS 39 in all significant respects.
IAS 40	*Investment Property*	**PSAK 13**	*Investment Property*	PSAK 13 is consistent with IAS 40 in all significant respects.
IAS 41	*Agriculture*	**PSAK 69**	*Agriculture*	PSAK 69 is consistent with IAS 41 in all significant respects

Comparing the Interpretation of IFRS (IFRIC and SIC) and Indonesian Interpretation of Financial Accounting Standards (ISAK)

Below are the key comparisons between the ISAK and the interpretations of IFRS effective for annual reporting periods beginning on 1 January 2020.

IFRIC / SIC		ISAK		Differences
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	**ISAK 9**	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	ISAK 9 is consistent with IFRIC 1 in all significant respects.
IFRIC 2	*Members' Shares in Cooperative Entities and Similar Instruments*		*No equivalent interpretation under PSAK*	IFRIC 2 is not adopted since cooperatives in Indonesia do not issue shares to their members.
IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	**-**	*No equivalent interpretation under PSAK*	IFRIC 5 is not adopted.
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	**-**	*No equivalent interpretation under PSAK*	IFRIC 6 is not adopted.
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*	**ISAK 19**	*Applying the Restatement Approach under PSAK 63: Financial Reporting in Hyperinflationary Economies*	ISAK 19 is consistent with IFRIC 7 in all significant respects.
IFRIC 10	*Interim Financial Reporting and Impairment*	**ISAK 17**	*Interim Financial Reporting and Impairment*	ISAK 17 is consistent with IFRIC 10 in all significant respects.
IFRIC 12	*Service Concession Arrangements*	**ISAK 16**	*Service Concession Arrangements*	ISAK 16 is consistent with IFRIC 12 in all significant respects.
IFRIC 14	*IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	**ISAK 15**	*PSAK 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	ISAK 15 is consistent with IFRIC 14 in all significant respects.
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*	**ISAK 13**	*Hedges of a Net Investment in a Foreign Operation*	ISAK 13 is consistent with IFRIC 16 in all significant respects.
IFRIC 17	*Distributions of Non-cash Assets to Owners*	**ISAK 11**	*Distributions of Non-cash Assets to Owners*	ISAK 11 is consistent with IFRIC 17 in all significant respects.
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*	**ISAK 28**	*Extinguishing Financial Liabilities with Equity Instruments*	ISAK 28 is consistent with IFRIC 19 in all significant respects.
IFRIC 20	*Stripping costs in the production phase of a surface mine*	**ISAK 29**	*Stripping costs in the production phase of a surface mine*	ISAK 29 is consistent with IFRIC 20 in all significant respects.

IFRIC 21	*Levies*	**ISAK 30**	*Levies*	ISAK 30 is consistent with IFRIC 21 in all significant respects, except to all references to IFRIC 6 “Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment’ as it is not adopted.
IFRIC 22	*Foreign currency transactions and advance consideration*	**ISAK 33**	*Foreign currency transactions and advance consideration*	ISAK 33 is consistent with IFRIC 22 in all significant respects.
IFRIC 23	*Uncertainty over income tax treatments*	**ISAK 34**	*Uncertainty over income tax treatments*	ISAK 34 is consistent with IFRIC 23 in all significant respects
SIC-7	*Introduction of the Euro*	**-**	*No equivalent interpretation under PSAK.*	SIC 7 is not adopted. For IFRS reporters, it is effective from 1 January 1998.
SIC-10	*Government Assistance No Specific Relation to Operating Activities*	**ISAK 18**	*Government Assistance No Specific Relation to Operating Activities*	ISAK 18 is consistent with SIC 10 in all significant respects.
SIC-25	*Income Taxes-Changes in the Tax Status of an Entity or its Shareholders*	**ISAK 20**	*Income Taxes-Changes in the Tax Status of an Entity or its Shareholders*	ISAK 20 is consistent with SIC 25 in all significant respects.
SIC-29	*Service Concession Arrangements: Disclosures*	**ISAK 22**	*Service Concession Arrangements: Disclosures*	ISAK 22 is consistent with SIC 29 in all significant respects.
SIC-32	*Intangible Assets-Web Site Costs*	**ISAK 14**	*Intangible Assets-Web Site Costs*	ISAK 14 is consistent with SIC 32 in all significant respects.

There are other specific PSAKs that have no equivalent standards under IFRS i.e.:

PSAK 38: “Akuntansi Restrukturisasi Entitas Sepengendali” / *Accounting for Restructuring Under Common Control Entities*

The objective of this standard is to specify the accounting for restructuring under common control entities which have not been covered by PSAK 22 “Business Combinations”. A restructuring transaction which occurred within under common control entities is considered to have no economic substance, despite the transfer of any legal form between the entities.

PSAK 70: “Akuntansi Aset dan Liabilitas Pengampunan Pajak” / *Accounting for Tax Amnesty Assets and Liabilities*

The objective of this standard is to provide specific accounting treatment related to the application of the Tax Amnesty Law. PSAK 70 is also applicable by non-publicly accountable entities that chose to adopt the Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK ETAP). The standard becomes effective from the date of enactment of the Tax Amnesty Law.

ISAK 31: “Interpretasi atas Ruang Lingkup PSAK 13: Properti Investasi” / *Interpretation on the scope of PSAK 13: Investment Property*

The objective of this standard is to clarify the characteristic of a building that meets the definition of investment property by PSAK 13. The interpretation provides the general characteristics of a building such as walls, floors and roofs that are attached to the building.

ISAK 32: “Definisi dan Hierarki Standar Akuntansi Keuangan” / *Definition and Hierarchy of Indonesian Financial Accounting Standards*

The definition of IFAS under PSAK 1 and PSAK 25 includes those pronouncements issued by capital market regulators applicable for entities under its supervision. This interpretation clarifies such definition and the hierarchy of IFAS under PSAK 25 particularly where the capital market regulations conflicts with the existing PSAK/ISAK. In such inconsistencies, an entity is required to follow the requirements of PSAK/ISAK to be able to make an explicit and unreserved statement of compliance with IFAS.

ISAK 35: “Penyajian Laporan Keuangan Entitas Berorientasi Nonlaba” / *Presentation of Financial Statements for Non-profit Oriented Entities*

The interpretation clarifies the application of PSAK 1 to not-for-profit oriented entities and states that not-for-profit oriented entities should follow the minimum presentation requirements for financial statements, including their structure and items, as required by PSAK 1. However, not-for-profit oriented entities are able to amend the description of line items and titles of financial statements as necessary in the circumstances. ISAK 35 also provides an illustrative example for not-for-profit oriented entities.

Authors, contributors, and reviewers

Djohan Pinnarwan
+62 21 521 2901 (ext. 82299)
djohan.pinnarwan@pwc.com

Dariya Karasova
+62 21 521 2901 (ext. 82635)
dariya.m.karasova@pwc.com

Raisa Lestari
+62 21 521 2901 (ext. 83827)
raisa.lestari@pwc.com

Dwi Jayanti
+62 21 521 2901 (ext. 82549)
dwi.jayanti@pwc.com

Tri Pandu
+62 21 521 2901 (ext. 84276)
tri.pandu@pwc.com

Dania Mulandari
+62 21 521 2901 (ext. 83797)
dania.mulandari@pwc.com

For professional accounting advice, please contact:

Djohan Pinnarwan
+62 21 521 2901 (ext. 82299)
djohan.pinnarwan@pwc.com

Jumadi Anggana
+62 21 521 2901 (ext. 81990)
jumadi.anggana@pwc.com

Elina Mihardja
+62 21 521 2901 (ext. 83615)
elina.mihardja@pwc.com

Ivina Hartopo
+62 21 521 2901 (ext. 83209)
ivina.hartopo@pwc.com

Irwan Lau
+62 21 521 2901 (ext. 82016)
irwan.lau@pwc.com

Jasmin Maranan
+62 21 521 2901 (ext. 81619)
jasmin.m.maranan@pwc.com

Ponco Widagdo
+62 21 521 2901 (ext. 83322)
ponco.widagdo@pwc.com

PwC Indonesia
WTC 3
Jl. Jend. Sudirman Kav. 29-31
Jakarta 12920 – Indonesia
T: +62 21 50992901 / 31192901
F: +62 21 52905555 / 52905050

Pakuwon Center
Tunjungan Plaza 5, 22nd Floor, Unit 05
Jl. Embong Malang No. 1, 3, 5
Surabaya 60261 - Indonesia
T: +62 31 99245759