

IFRS and Indonesian GAAP (IFAS) Similarities and Differences

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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 2017.

This publication does not include the 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.

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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 2017.

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.
IFRS 4	Insurance Contracts	PSAK 62	Insurance Contracts	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 2021 and early application is permitted. IFRS 17 supersedes IFRS 4.
		PSAK 28	Accounting for Loss Insurance	PSAK 28 and 36 are complementary to the requirement in PSAK 62.
		PSAK 36	Accounting for Life Insurance	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	PSAK 64 is consistent with IFRS 6 in all significant respects.
			Mining	
IFRS 7	Financial Instruments: Disclosures	PSAK 60	Financial Instruments: Disclosures	PSAK 60 is consistent with IFRS 7 in all significant respects, except for any references to IFRS 9 which has not yet been adopted locally, (please see the respective standards for notable differences).
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	IFRS 9 supersedes IAS 39 and IFRIC 9. IFRS 9 is effective from 1 January 2018 and early adoption is permitted. In July 2017, DSAK - IAI has issued PSAK 71 to be effective in 1 January 2020. Early adoption is permitted.
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 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	Disclosure of Interests in Other Entities	PSAK 67 is consistent with IFRS 12 in all significant respects. The current version of PSAK 67 has not adopted the changes in IFRS 12 regarding the clarification of the scope of the standard which arise from the Annual Improvements 2014- 2016 cycle. Such changes will be effective in PSAK 67 beginning 1 January 2018. However, early adoption is permitted. Refer to other PwC Firm publication “In depth - New IFRSs for 2017” for further details.
IFRS 13	Fair Value Measurement	PSAK 68	Fair Value Measurement	PSAK 68 is consistent with IFRS 13 in all significant respects, except for any references to IFRS 9 which has not yet been adopted locally, (please see the respective standards for notable differences).
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	IIFRS 15 replaces IAS 18 and the standard brings up a new model for recognizing revenue which will significantly impact some industries. IFRS 15 will be effective for annual periods beginning on or after 1 January 2018 and early application is permitted. In July 2017, DSAK – IAI has issued PSAK 72 to be effective in 1 January 2020. Early adoption is permitted.

IFRS 16	Leases		PSAK 30 adopted from IAS 17, refer to section below	IFRS 16 has not yet been adopted in Indonesia. For IFRS reporters, the standard will be effective for annual periods beginning on or after 1 January 2019 and early application is permitted, only if the entities already adopted IFRS 15. IFRS 16 replaces IAS 17 and the standard brings up a new accounting model for lessees and update definition of lease that will significantly impact the financial statements of lessees.
IFRS 17	Insurance Contract		PSAK 62 adopted from IFRS 4, refer to section above	IFRS 17 has not yet been adopted in Indonesia. For IFRS reporters, the standard will be effective on 1 January 2021 and early application is permitted. IFRS 17 supersedes IFRS 4.
IAS 1	Presentation of Financial Statements	PSAK 1 (Revised 2013)	Presentation of Financial Statements	PSAK 1 is consistent with IAS 1 in all significant respects. However, several differences noted are as follows: <ul style="list-style-type: none"> • PSAK 1 defines that IFAS is consist 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. • Under IAS 1, an entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’. • PSAK 1 states that management are responsible for preparation and presentation of financial statement.
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. The current PSAK 2 has not yet adopted the amendment to IAS 7 as part of IASB’s Disclosure Initiative project. Such amendment will be effective in PSAK 2 beginning 1 January 2018. However, early adoption is permitted. Refer to other PwC Firm publication “In depth - New IFRSs for 2017” for further details.

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.
IAS 11	Construction Contracts	PSAK 34	Construction Contracts	PSAK 34 is consistent with IAS 11 in all significant respects. On May 2014, the IASB has issued IFRS 15. The standard will be effective on 1 January 2018 and early application is permitted. IFRS 15 supersedes IAS 11.
IAS 12	Income Taxes	PSAK 46	Income Taxes	PSAK 46 is consistent with IAS 12 in all significant respects. The current PSAK 46 has not yet adopted the amendment to IAS 12 regarding recognition of deferred tax assets for unrealized losses. Such amendment will be effective in PSAK 46 beginning 1 January 2018. However, early adoption is permitted. Refer to other PwC Firm publication “In depth - New IFRSs for 2017” for further details.
IAS 16	Property, Plant and Equipment	PSAK 16	Fixed Assets	PSAK 16 is consistent with IAS 16 in all significant respects. PSAK 16 provides reference to ISAK 25 in relation to land rights. The current PSAK 16 has not yet adopted the amendment to IAS 16 regarding the accounting treatment of bearer plants. Such amendment will be effective in PSAK 16 beginning 1 January 2018. However, early adoption is permitted.
		ISAK 25	Land Rights	ISAK 25 still maintains that land that is held under HGB, HGU and Hak Pakai rights is not amortised unless there is an indication that the renewal or extension of the rights is not probable or cannot be obtained. Costs to obtain those rights for the first time are capitalised as fixed assets but subsequent costs to extend or renew the rights are recognised as intangible assets and then amortised based on paragraph 11 of ISAK 25.
IAS 17	Leases	PSAK 30	Leases	PSAK 30 is consistent with IAS 17 in all significant respects. On January 2016, the IASB has issued IFRS 16, ‘Leases’. This will require far-reaching changes in accounting by lessees in particular. The standard will be effective on 1 January 2019 and early application is permitted if IFRS 15 is also adopted. IFRS 16 supersedes IAS 17.
IAS 18	Revenue	PSAK 23	Revenue	PSAK 23 is consistent with IAS 18 in all significant respects. On May 2014, the IASB has issued IFRS 15. The standard will be effective on 1 January 2018 and early application is permitted. IFRS 15 supersedes IAS 18.

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	Investment in Associates and Joint Ventures	<p>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.</p> <p>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.</p>
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 31	Interests in Joint Ventures	PSAK 21	Interests in Joint Ventures	The issuance of IFRS 11/PSAK 66 has superseded IAS 31/PSAK 12.
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.
		ISAK 31	Scope of PSAK 13: Investment Property	ISAK 31 clarifies that a building meets the definition of property investment in PSAK 13 if it possesses physical features generally associated with a building such as walls, floors, and a roof. This interpretation is effective beginning 1 January 2017.
IAS 41	Agriculture	PSAK 69	Agriculture	<p>In December 2015, DSAK – IAI has issued PSAK 69 to be effective in 1 January 2018. Early adoption is permitted.</p> <p>PSAK 69 is consistent with IAS 41 in all significant respects.</p>

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

Below are the key comparisons between the IFAS and the IFRS /IAS required for annual reporting periods beginning on 1 January 2017.

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 Co-operative 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 4	Determining whether an Arrangement contains a Lease	ISAK 8	Determining whether an Arrangement Contains a Lease	ISAK 8 is consistent with IFRIC 4 in all significant respects. IFRS 16 will supersede IFRIC 4 when it becomes effective on 1 January 2019 or when it is early applied.
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 interpration 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 9	Reassessment of Embedded Derivatives	ISAK 16	Reassessment of Embedded Derivatives	ISAK 26 is consistent with IFRIC 9 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 Arrangement	ISAK 16	Service Concession Arrangement	ISAK 16 is consistent with IFRIC 12 in all significant respects.
IFRIC 13	Customer Loyalty Programmes	ISAK 10	Customer Loyalty Programmes	ISAK 10 is consistent with IFRIC 13 in all significant respects. IFRS 15 will supersede IFRIC 13 when it becomes effective on 1 January 2018 or when it is early applied.

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 15	Agreements for the Construction of Real Estate	PSAK 44	Accounting for Real Estate Development	There are differences in the accounting for real estate development between PSAK 44 and IFRIC 15. PSAK 44 regulates specific provisions with regard to revenue recognition of different types of real estate development, cost components, allowance allocation and disclosures. IFRIC 15 however is a broader interpretation of the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. IFRIC 15 addresses whether the agreement falls within the scope of IAS 11 (Construction Contracts) or IAS 18 (Revenue) and when the revenue from the construction of real estate should be recognised. IFRS 15 will supersede IFRIC 15 when it becomes effective on 1 January 2018 or when it is early applied.
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	Distribution of Non-cash Assets to Owners	ISAK 11	Distribution of Non-cash Assets to Owners	ISAK 11 is consistent with IFRIC 17 in all significant respects.
IFRC 18	Transfers of Assets from Customers	ISAK 27	Transfers of Assets from Customers	ISAK 27 is consistent with IFRIC 18 in all significant respects. IFRS 15 will supersede IFRIC 18 when it becomes effective on 1 January 2018 or when it is early applied.
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.
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-12	Consolidation-Special Purpose Entities	ISAK 7	Consolidation-Special Purpose Entities	The issuance of IFRS 10/PSAK 65 has superseded SIC-12/ISAK 7.
SIC-13	Jointly Controlled Entities-Non-Monetary Contributions by Ventures	ISAK 12	Jointly Controlled Entities- Non-Monetary Contributions by Ventures	The issuance of IFRS 11/PSAK 66 has superseded SIC-13/ISAK 12.
SIC-15	Operating Leases-Incentives	ISAK 23	Operating Leases-Incentives	ISAK 23 is consistent with SIC 15 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-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	ISAK 24	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	ISAK 24 is consistent with SIC 27 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-31	Revenue-Barter Transactions Involving Advertising Services	-	No equivalent interpretation under PSAK.	SIC-31 is not adopted. IFRS 15 will supersede SIC 31 when it becomes effective on 1 January 2018 or when it is early applied.
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.

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