Adoption as of 1 January 2020

DSAK IAI has announced the new Leases standard.

**PSAK 73 – Leases**

The impacts

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### What’s changed

**Old Treatment for lessees:**
- Finance leases on balance sheet
- Operating leases off balance sheet
- Service contracts off balance sheet

**New treatment for lessees:**
- All leases > 12 months on balance sheet
- Short term leases (less than 12 months), and low value assets leases off balance sheet

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### What is affected

- Compliance
- Performance measurement
- Cross-department issue
- Ensure compliance with new PSAK requirements
- Key ratios and KPIs need to be redefined

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### Timetable

- **2017-2018**
  - Impact assessment
  - What’s changed
  - New Learning
  - Old learning
- **2020**
  - Effective date
  - Implement systems and processes
  - Ensure business as usual

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### Steps to get your house in order

**What you need to do**

- Get organized
- Understand the issue – project setup, governance, resources
- Transition to the new standard

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### Global lease capitalisation impact by industry*

- **All companies**
  - Median increase in debt: 22%
  - Median increase in total assets: 13%
  - Median increase in EBITDA: 42%
- **Retailers**
  - Median increase in debt: 22%
  - Median increase in total assets: 41%
  - Median increase in EBITDA: 98%
- **Airlines**
  - Median increase in debt: 5%
  - Median increase in total assets: 15%
  - Median increase in EBITDA: 15%
- **Transport & Logistics**
  - Median increase in debt: 7%
  - Median increase in total assets: 20%
  - Median increase in EBITDA: 24%
- **Health Care**
  - Median increase in debt: 6%
  - Median increase in total assets: 36%
  - Median increase in EBITDA: 36%
- **Wholesale**
  - Median increase in debt: 5%
  - Median increase in total assets: 28%
  - Median increase in EBITDA: 28%
- **Entertainment**
  - Median increase in debt: 5%
  - Median increase in total assets: 17%
  - Median increase in EBITDA: 17%

* Global PwC Lease Capitalization Study

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The DSAK IAI has set 1 January 2020 as the effective date for the new Leases standard. At first glance this date feels like it is far enough to not have to think about it immediately. However, the wide reaching impacts on your organisation’s processes and systems are likely to be very significant. It’s vital that you take the time to understand the impacts of PSAK 73, gather and validate leases data and build an implementation program. This approach will mean that potential issues are highlighted early and steps can be taken to resolve them, ultimately saving time and costs.

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