IFRS and Indonesian GAAP (IFAS) Similarities and Differences

November 2020
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.

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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 2020.

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

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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.


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 Nonlab” / 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.