

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Indonesia**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Indonesia. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Indonesian Financial Accounting Standards Board (Dewan Standar Akuntansi Keuangan – DSAK IAI)
Role of the organisation	<p>The DSAK IAI as part of The Indonesian Institute of Accountants (Ikatan Akuntan Indonesia – IAI) is the independent national accounting standard-setting body in Indonesia. It is tasked by the IAI National Council to establish the Indonesian Financial Accounting Standards (Standar Akuntansi Keuangan – SAK).</p> <p>SAK as issued by the DSAK IAI is recognised by the Government of the Republic of Indonesia through, among other things, the Indonesian Law No. 40/2007 on Limited Liability Company and Law No. 8/1995 on Capital Market.</p>
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COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Indonesia has not adopted IFRS Standards.
Additional comments provided on the adoption status?	<p>Indonesia's commitment is to support IFRS Standards as the globally accepted accounting standard and to continue with the IFRS Standards convergence process, further minimising the gap between SAK and IFRS. Indonesia is yet to announce its plan for the full adoption of IFRS Standards in Indonesia.</p> <p>The decision to elect the convergence approach instead of full adoption was based on the consideration of the potential interpretation and implementation issues.</p> <p>Since making the public commitment to support IFRS Standards in 8 December 2008, the DSAK IAI has been converging the SAK towards IFRS Standards. As a result of the first phase of the IFRS convergence process, SAK as at 1 January 2012 is substantially in line with IFRS Standards as at 1 January 2009, but there are a number of differences and several IFRS Standards and IFRIC Interpretations do not have SAK equivalents.</p> <p>The DSAK IAI is currently progressing with the second phase of the IFRS convergence process. The objective of this phase is to further minimise the gap between SAK and IFRS Standards, from three years to one year. This would take SAK as at 1 January 2015 to be substantially in line with IFRS Standards as at 1 January 2014, again with some exceptions.</p> <p>Currently there are two tiers of GAAP that are established in Indonesia:</p> <ul style="list-style-type: none"> • Tier 1 –SAK, for listed companies and other entities with significant public accountability; and • Tier 2 – SAK ETAP, for entities with no significant public accountability. <p>The DSAK IAI also issued PSAK 45 as part of the SAK for not-for-profit entities. The Board is currently deliberating on whether a more robust set of standards is necessary to meet the reporting requirements of not-for-profit entities Indonesia.</p> <p>2016 Joint Statement</p> <p>On 25 May 2016, the Trustees of the IFRS® Foundation, the Indonesia Financial Services Authority (OJK) and the Institute of Indonesia Chartered Accountants (IAI) announced their intention to deepen cooperation as Indonesia develops its plans to achieve full convergence with IFRS Standards. The plans were set out in a Joint Statement.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or	Not applicable.

towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements? No. All domestic companies whose securities trade in a public market are required to use the SAK.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED? Not applicable.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones? Not applicable.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market? No.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market? No.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market? No.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Indonesia's commitment is to support IFRS Standards as the globally accepted accounting standard and to continue with the IFRS convergence process, further minimising the gap between SAK and IFRS Standards. Indonesia is yet to announce its plan for the full adoption of IFRS Standards in Indonesia.

Any plan to permit or require the use of IFRS Standards for domestic companies whose securities trade in public market will depend on the progress of the convergence process, and the commitment of both the standard setter and relevant regulators.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements? No. All foreign companies whose securities trade in a public market are required to use the SAK.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases? Not applicable.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

Not applicable.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

The use of IFRS Standards for domestic purposes is not permitted. Companies are required to use either SAK (Tier 1) or SAK ETAP (Tier 2).

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

Depending on the Tier, the auditor's report will refer to either SAK (Tier 1) or SAK ETAP (Tier 2).

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

No.

If yes, how does that process work?

Not applicable.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Indonesia does not have a process for endorsing IFRS Standards. However, DSAK IAI as the national standard setting body has established a due process for gradually converging the SAK with IFRS Standards.

If yes, what is the process?

Based on the mandate that has been given by the IAI National Council, the due process procedure for the DSAK IAI in converging the SAK with IFRS Standards is as follows:

- Identification of the SAK that is going to be converged with IFRS Standards.
- Research and analysis of the concepts and issues.
- Limited consultations with relevant stakeholders, among others, regulators, associations and entities.
- Public consultation through the issuance of exposure draft and public hearings.
- Board deliberations on public comments.
- Issuance of SAK.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

Not applicable. It should be noted, however, that those SAK standards that were converged with IFRS Standards effective 1 January 2009 included some modifications to IFRS Standards, and several IFRS and IFRIC Interpretations do not have SAK equivalents.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction? None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? No. It should be noted that the SAK is in Bahasa Indonesia.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards? Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs? No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? No. However, in developing the Tier 2 standard SAK ETAP, the DSAK IAI used the *IFRS for SMEs* Standard as a point of reference.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? SAK ETAP (Tier 2).

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.