

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.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Indonesian Financial Accounting Standards Board (<i>Dewan Standar Akuntansi Keuangan</i> —DSAK) of the Institute of Indonesia Chartered Accountants (<i>Ikatan Akuntan Indonesia</i> —IAI)
Role of the organisation	<p>DSAK IAI is an independent national accounting standard-setting body. It is tasked by the IAI National Council to establish the Indonesian Financial Accounting Standards (Standar Akuntansi Keuangan – SAK) and contribute to the development of international accounting standards, in accordance with due process.</p> <p>SAK published by the DSAK IAI are recognised in accordance with laws and regulations including, but not limited to, Law No. 40 of 2007 on Limited Liability Companies and Law No. 8 of 1995 on the Capital Market. The standards are recognised and referred to by the government in their oversight of financial reporting.</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?

IFRS Accounting Standards have been referred to in the development of local accounting standards. In December 2022 DSAK IAI issued a new tier of reporting, SAK Internasional, which fully adopt IFRS Accounting Standards.

Additional comments provided on the adoption status?

Effective from 1 January 2024, there are four tiers of reporting under SAK:

1. Tier 1—SAK Internasional, which fully adopt IFRS Accounting Standards. SAK Internasional are optional for entities that meet criteria set out by the capital market regulator. To meet these criteria, an entity must be an Indonesian-registered company that trades equity shares in more than one country on a regulated market. (See <https://www.ojk.go.id/id/regulasi/Pages/Pengguna-Standar-Akuntansi-Kuangan-Internasional-di-Pasar-Modal.aspx> for more information.)
2. Tier 2—SAK Indonesia, which are substantially converged with IFRS Accounting Standards. The effective dates of IFRS-equivalent Tier 2 standards are generally one year behind the effective dates of IFRS Accounting Standards. There are some differences between SAK Indonesia and IFRS Accounting Standards, for example:
 - SAK Indonesia do not exempt any entities from the requirement to prepare consolidated financial statements; and
 - some local standards do not have an equivalent in the IFRS Accounting Standards, for example, standards relating to business combinations under common control, and local standards for sharia transactions.

Tier 2 standards are applicable for listed and other entities with significant public accountability and are also permitted for entities without significant public accountability. (See https://web.iaiglobal.or.id/Berita-IAI/detail/sak_update_-_perbandingan_sak_internasional_dan_sak_indonesia_per_2023 for more information.)
3. Tier 3—SAK Indonesia untuk Entitas Tanpa Akuntabilitas Publik (SAK ETAP), for entities without public accountability and for certain entities with public accountability as specified by the relevant regulator(s). (See https://www.bi.go.id/id/publikasi/peraturan/Documents/93506a757dda417ba554dbbfa0ccf084pbi_150313_full1.pdf and <https://www.ojk.go.id/id/regulasi/Documents/Pages/Transparansi->

Kondisi-Kuangan-Bank-Perkreditasi-Rakyat/SAL%20POJK%2048%20-%20TKK%20BPR.pdf for more information.)

Effective from 1 January 2025, SAK Indonesia untuk ETAP will be superseded by SAK Indonesia untuk Entitas Privat (SAK EP), local standards converged to the *IFRS for SMEs* Accounting Standard.

4. Tier 4—SAK Indonesia untuk Entitas Mikro, Kecil dan Menengah (SAK EMKM), for micro, small, and medium entities (MSMEs) as defined by laws and regulations on MSMEs. (See <https://jdih.kemenkeu.go.id/FullText/2008/20TAHUN2008UU.HTM> as amended by <https://jdih.kemenkeu.go.id/download/53aa253f-c2e0-4a7a-9f33-51606c127c3b/2023uu006.pdf> and <https://peraturan.bpk.go.id/Details/161837/pp-no-7-tahun-2021> for more information.)

Local sharia accounting standards are developed by a separate standard-setting body of the IAI—Dewan Standar Akuntansi Syariah (DSAS IAI). These sharia standards apply to Tier 2, Tier 3 and Tier 4 reporting, as appropriate.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or 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.

Not applicable.

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?

All domestic companies whose securities trade in a public market are required to use SAK Indonesia.

SAK Internasional are permitted for some domestic entities whose securities are traded in a public market and meet the criteria set out by the capital market regulator. To meet these criteria, an entity must be an Indonesian-registered company that trades equity shares in more than one country on a regulated market. (See <https://www.ojk.go.id/id/regulasi/Pages/Pengguna-Standar-Akuntansi-Kuangan-Internasional-di-Pasar-Modal.aspx> for more information.)

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

SAK Internasional, which fully adopt IFRS Accounting Standards, are permitted for entities registered in Indonesia that trade equity shares in more than one country on a regulated market.

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

Only entities that meet the criteria set out by the capital market regulator are permitted to apply SAK Internasional.

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?	Not applicable.
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?	Not applicable.

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 Indonesia.
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?	SAK Internasional are permitted for listed entities that meet the criteria set out by the capital market regulator.
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 Internasional (Tier 1), SAK Indonesia (Tier 2), SAK ETAP or SAK EP (Tier 3), or SAK EMKM (Tier 4).
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?	SAK Internasional, which fully adopt IFRS Accounting Standards, are optional for listed entities that meet the criteria set out by the capital market regulator.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or	Yes.

amended IFRS Accounting Standards (including Interpretations) in place?	
If yes, what is the process?	DSAK IAI's due process specifies how to adopt any new or amended IFRS Accounting Standards into relevant reporting tiers in accordance with 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?	<p>While SAK Internasional adopt IFRS Accounting Standards, SAK Indonesia (Tier 2) are substantially converged with IFRS Accounting Standards. There are a few differences between SAK and IFRS Accounting Standards, for example:</p> <ul style="list-style-type: none"> • SAK Indonesia do not exempt any entities from the requirement to prepare consolidated financial statements; and • some local standards do not have an equivalent in the IFRS Accounting Standards, for example, standards relating to business combinations under common control, and local standards for sharia transactions.
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?	Yes. SAK Internasional are word-for-word translations of the IFRS Accounting Standards into 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?	The translation process observes the IFRS Foundation's licensing policy for translation and reproduction. This ensures an ongoing translation of the latest updates to the IFRS Accounting Standards.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	SAK EP (Tier 3) is converged with the <i>IFRS for SMEs</i> Accounting Standard (2015 version), with few modifications. This standard will be effective from 1 January 2025, and will supersede SAK ETAP.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Yes, a few modifications were made.
If the jurisdiction has made any modifications, what are those modifications?	Entities with public accountability are permitted to use SAK EP provided that the regulator has permitted such use.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	Entities without public accountability and certain entities with public accountability as specified by the relevant regulator(s) are allowed to apply SAK EP.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting	SAK EMKM (Tier 4).

Standard, what other accounting framework
do they use?

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