A Practical Guide to the New and Revised Indonesian Financial Standards for 2023

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Introduction

Certain Indonesian Financial Accounting Standards ("IFAS") have been revised and amended and will come into effect in 2023. This publication is a practical guide to provide an overview of the potential impacts to its process, system, or business and the specific considerations to be made as part of its understanding and implementation of these changes in the reporting requirements.

Recent developments in Indonesia have shown the government's commitment to close the gap between IFRS and PSAK, while maintaining the local specific accounting standard. There are upcoming updates not only from SAK - Umum but also in other areas such as Shariah accounting standards and the new SAK International Pillar.

This publication focuses on updates in SAK - Umum. In the following section, it provides some highlights on several amendments to the standards that will become effective on 1 January 2023. DSAK-IAI has published an amendment to PSAK 16 "Property, Plant and Equipment" – Proceeds before Intended Use and amendments to PSAK 1, "Presentation of Financial Statements" and PSAK 25 "Accounting Policies, Changes in Accounting Estimates and Errors" – Disclosure of Accounting Policies. Furthermore, DSAK-IAI has also published amendments to PSAK 46 "Income Taxes" – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.

SAK-Umum also includes sharia accounting standards that are not covered in this publication in detail However, Appendix B - Other Updates provide high level description about the changes and amendments on sharia accounting standards as well as the updates to other accounting standard pillars (e.g., SAK International and SAK Private entity).

DSAK IAI issued non-standard accounting publications which are referred to as Implementation Bulletin Compilation ("Buletin Implementasi"). This publication aims to adopt the selected topics decided by the IFRIC Interpretation Committee in the IFAS context. Until the date of this publication, there are 26 agenda decisions included in the Buletin Implementasi Volumes 1 and 2.

Lastly, as previously communicated, the adoption of IFRS 17, 'Insurance Contracts' through PSAK 74, will take into effect retrospectively in Indonesia beginning the annual reporting period after 1 January 2025. Early adoption is permitted.

Included in this practical guide is our brief guidance on forthcoming requirements that will affect reporters in the coming years (see the Appendix A page).

Amended accounting standard

Amendments to PSAK 16 – Proceeds before Intended Use

Transition Provision: Retrospective

Changes

PSAK 16, 'Fixed Assets', requires the proceeds received from selling output produced before the asset is ready for its intended use to be recognised as income in profit or loss. The related cost of producing the output is measured using the guidance in PSAK 14, 'Inventories', and it is recognised as an expense in profit or loss when sold.

If the items sold are the output of an entity's ordinary activities, the income and cost are disclosed in accordance with the requirements of PSAK 72, 'Revenue from Contracts with Customers', and PSAK 14. If the items sold are not part of an entity's ordinary activities, the amendment to PSAK 16 requires the disclosure of the amount and line item(s) in the statement of comprehensive income in which such proceeds and cost have been included.

The amendment to PSAK 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

Impact

The amendment to PSAK 16 could have a significant impact on entities that construct material items of PP&E and, as part of the construction, there is a ramp-up period to test whether the asset is operating as it should; similarly, where resources are extracted from the earth during the development of a mine which is above a body of resource. For example, when the mine is under development, there might be certain situations where a company might choose to stockpile ore generated during the development phase. The level of mineral content within the stockpile will determine whether it is economically viable to develop or sell the stockpile, which in turn will drive whether management expects to generate proceeds. The amendment will apply, and the stockpile ore will need to be valued; this is because output, which is expected to be sold, has been generated while the item of PP&E is in the development phase. Allocation of costs between PP&E and inventory may be necessary.)

Industries that are expected to be significantly impacted are mining and industrial product manufacturers. Management might need to develop processes to track the cost of output generated during the development phase and to account for an asset as ready for its intended use earlier than before.

Effective Date

The amendment is effective for annual reporting periods beginning on or after 1 January 2023. However, an entity should apply the amendment retrospectively, but only to items of PP&E that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendment. The entity should recognise the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Earlier application is permitted. If an entity applies the amendment for an earlier period, it should disclose that fact.

Amendments to PSAK 1, “Presentation of Financial Statements” and PSAK 25 “Accounting Policies, Changes in Accounting Estimates and Errors” – Disclosure of Accounting Policies and Definition of Accounting Estimates

Transition Provision: Prospective

Changes

The DSAK-IAI amended PSAK 1, ‘Presentation of Financial Statements’, to require companies to disclose their material accounting policy information rather than their significant accounting policies. Paragraph 117 of the amendment provides the following definition of material accounting policy information:

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.”

The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Paragraph 117B of the amendment provides illustrative examples of accounting policy information that is likely to be considered material to the entity’s financial statements.

Further, the amendment to PSAK 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to PSAK 25, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Impact

The amendments should help companies:

- to improve accounting policy disclosures, either by making the disclosures more specific to the entity or by reducing generic disclosures that are commonly understood applications of PSAK; and
- to distinguish changes in accounting estimates from changes in accounting policies.

These amendments are not expected to have a significant impact on the preparation of financial statements.

Effective Date

These amendments should be applied for annual periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process). The amendments should be applied prospectively.

Amendments to PSAK 46 "Income Taxes" – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Transition Provision: Retrospective

Issue

The DSAK-IAI has amended PSAK 46, 'Income taxes', to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

Paragraphs 15 and 24 of PSAK 46 were amended to include an additional condition where the initial recognition exemption is not applied. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. Paragraph 22A has been added to provide further clarification of this principle. Paragraphs 22(b) and 22(c) of PSAK 46 have also been amended.

In addition, the Illustrative Examples accompanying IAS 12 have been amended to include Example 8 – Leases, to illustrate the new guidance.

Impact

These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration, and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

Effective Date

These amendments should be applied for annual periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments should be applied on a modified retrospective basis.

The amendment requires companies, at the beginning of the earliest comparative period presented:

a) to recognise a deferred tax asset – to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised – and a deferred tax liability for all deductible and taxable temporary differences associated with:
   - right-of-use assets and lease liabilities; and
   - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset; and

b) to recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

This will reflect the opening position, without the need for full retrospective application. The Board concluded that this transition approach would make the amendments easier and less costly to apply than a full retrospective approach, while still achieving their objective.

Buletin Implementasi Vol 1 and 2

Transition Provision: Retrospective

Background

DSAK IAI published the Buletin Implementasi in 2023. Buletin Implementasi is one of the non-standard products from the DSAK IAI. It provides a formal position by DSAK that, in implementing the PSAKs, entities should consider the IFRIC Agenda Decisions reached by the IFRS Interpretations Committee. The document summarised the several IFRIC Agenda Decisions that the board considered applicable in Indonesia. The board plans to issue several volumes following the development of IFRIC Agenda Decisions in the future.

Buletin Implementasi consists of explanatory materials discussing about 26 issues (14 issues in Volume 1 and 12 issues in Volume 2) from 26 IFRIC Agenda Decisions. In the introduction of the Buletin Implementasi and also during the socialisation, the board emphasised that this document does not add or change requirements in the existing standards. The information included in the Buletin Implementasi should be regarded as explanatory materials that derive its authority from the accounting standards themselves. The preparer of financial statements also needs to be aware that the explanation in the Buletin Implementasi is related to the application of the principles and requirements in accounting standards to a specific transaction or fact pattern and may not be applicable or may use as analogy to the other circumstances which are not similar to the fact pattern in the Buletin Implementasi.

For detailed issues published in Buletin Implementasi, please refer to Appendix A.

Impact

There are no changes in the existing standards, but each Buletin Implementasi may provide additional insights that could change an entity's understanding of the principles and requirements in PSAKs. Accordingly, an entity may determine that it needs to change its accounting policies as a result of a Buletin Implementasi.

DSAK anticipates that an entity would have enough time to make necessary changes in its accounting policies and carry out any modifications needed, for example, in obtaining new data or information, modify its systems and carry out a formal accounting policy implementation. To assess how much time is sufficient is a matter of judgement that depends on the facts and circumstances specific to the entity.

Management should think about making disclosures comparable to those made about upcoming standards in accordance with PSAK 25 where they have determined that a change in an accounting policy is necessary as a result of an Buletin Implementasi but that change has not yet been made.

Effective Date

Similar to IFRIC Agenda Decisions, each Buletin Implementasi does not contain an effective date or transition provisions; rather they are anticipated to be implemented immediately.

As the Buletin Implementasi frequently contains explanatory materials providing new information which might otherwise have been unknown and could not in any way be expected, when changes are made in response to those issues under PSAK 25, those changes often lead to voluntary accounting policy changes due to the emergence of the new information. This is generally the case unless it is clearly determined to be an error. As a consequence, a retrospective application is expected except if, based on the facts and circumstances, a retrospective application is impracticable.

APPENDIX A—List of issues covered in Buletin Implementasi Vol 1 and 2

No	Issue	Description
Buletin Implementasi Vol 1		
Related to PSAK 1: Presentation of Financial Statements and PSAK 71: Financial Instruments		
1	Presentation of Interest Revenue for Particular Financial Instruments	The question discussed is whether the requirement in PSAK 1 to present separately interest revenue calculated using the effective interest method affects the presentation of fair value gains and losses on derivative instruments that are not part of a designated and effective hedging relationship. It was concluded that this requirement applies only to those assets that are subsequently measured at amortised cost or fair value through other comprehensive income (subject to any effect of a qualifying hedging relationship applying the hedge accounting requirements in PSAK 71).
Related to PSAK 16: Fixed Assets and PSAK 73: Leases		
2	Lease Term and Useful Life of Leasehold Improvements (November 2019)	The agenda decision discussed: 1. How to determine the lease term of a cancellable lease or a renewable lease and 2. whether the useful life of any related non-removable leasehold improvements is limited to the lease term determined applying PSAK 73. It is observed that in determining the enforceable period of the lease, an entity considers: the broader economics of the contract, and not only contractual termination payments and whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. It was also confirmed that reporting entities should apply paragraphs 56–57 of PSAK 16 in determining the useful life of non-removable leasehold improvements. If the lease term of the related lease is shorter than the economic life of those leasehold improvements, the entity considers whether it expects to use the leasehold improvements beyond that lease term. If the entity does not expect to use the leasehold improvements beyond the lease term of the related lease, then, applying paragraph 57 of IAS 16, it concludes that the useful life of the non-removable leasehold improvements is the same as the lease term.
Related to PSAK 26: Borrowing Costs		
3	Over Time Transfer of Constructed Good (March 2019)	The discussion was around the capitalisation of borrowing costs, based on a specific fact pattern, in relation to construction of residential multi-unit real estate development, specifically whether there are qualifying assets. It was concluded that the receivable, contract asset and inventory (work-in-progress) for unsold units under construction that the entity recognises are not a qualifying asset.
Related to PSAK 71: Financial Instruments		
4	Financial Assets Eligible for the Election to Present Changes in Fair Value in Other Comprehensive Income (September 2017)	The discussion was around the applicability of presentation election for an entity to present subsequent changes in fair value of financial assets in other comprehensive income, rather than profit or loss, if the issuer would classify them as equity applying paragraphs 16A–16D of PSAK 50. It was concluded that those financial instruments are not eligible for such a presentation election because those do not meet the definition of an equity instrument in PSAK 50.
5	Curing of a Credit-impaired Financial Asset (March 2019)	The issues addressed in this agenda is about how an entity presents amounts recognised in statement of profit or loss when a credit-impaired financial asset is subsequently cured - as interest revenue or, instead, as a reversal of impairment losses. It was concluded that, in the statement of profit or loss, an entity is required to present the difference described in the request as a reversal of impairment losses.
6	Credit Enhancement in the Measurement of Expected Credit Losses (March 2019)	This clarifies that the cash flows expected from a financial guarantee contract, or any other credit enhancement cannot be included in the measurement of expected credit losses if the credit enhancement is required to be recognised separately using PSAK Standards.
Related to PSAK 72: Revenue from contract with customers		
7	Revenue Recognition in a Real Estate Contract (March 2018)	The discussion addresses the question regarding assessment whether the revenue should be recognised over time for the sales of a unit in a residential multi-unit complex. It was observed, in connection with the specific fact pattern submitted, that the entity did not control the real estate unit as it was being constructed, because it did not clearly have the power to direct the use of the unit. Also, it was observed that legal precedent provided evidence that the entity did not have an enforceable right to payment for work completed to date if the customer were to cancel the contract.

No	Issue	Description
8	Revenue Recognition in a Real Estate Contract that Includes the Transfer of Land (March 2018)	This addressed the factors to consider when identifying the performance obligations in a real estate contract that includes the transfer of land. These factors could help an entity to determine whether the promise to transfer land is a separate performance obligation. It was observed that PSAK 72 requires an entity to consider whether the entity provides a significant service of integrating the land and the building into a combined output and whether the land and the building are highly interdependent or highly interrelated.
9	Right to Payment for Performance Completed to Date (March 2018)	This decision addresses the existence of an enforceable right to payment in a contract for the sale of a unit in a residential multi-unit complex (real estate unit). A situation was considered in which the entity had a right, under the contract with the customer, to receive a payment for the difference between the resale price of the unit, if any, and the original purchase price (plus selling costs) if the original customer did not buy the real estate. It was observed that the assessment of whether the entity has an enforceable right to payment considers only the payments that the entity is entitled to receive from the customer under the existing contract. In the case described, the payment did not at all times relate to the completion of the asset to date (that is, the selling price of the part-constructed real estate), and therefore it was observed that the amount did not compensate the entity for performance completed to date.
10	Costs to Fulfil a Contract (June 2019)	The agenda discusses the recognition of costs incurred to fulfil a contract as an entity satisfies a performance obligation in the contract over time. In the fact pattern described in the request, the entity (a) transfers control of a good over time (i.e. one (or more) of the criteria in paragraph 35 of PSAK 72 is met) and, therefore, satisfies a performance obligation and recognises revenue over time; and (b) measures progress towards complete satisfaction of the performance obligation using an output method applying paragraphs 39–43 of PSAK 72. It was observed that the costs of construction described in the request are costs that relate to the partially satisfied performance obligation in the contract—i.e. they are costs that relate to the entity's past performance. Those costs do not, therefore, generate or enhance resources of the entity that will be used in continuing to satisfy the performance obligation in the future (paragraph 95(b)). Consequently, those costs do not meet the criteria in paragraph 95 of PSAK 72 to be recognised as an asset.
Related to PSAK 73: Leases		
11	Subsurface Rights (June 2019)	This agenda decision discusses a particular contract for subsurface rights. Based on the contract terms and conditions, a pipeline operator obtains the right to place a pipeline underneath agricultural land for 20 years in exchange for payments to the landowner. The question discussed is about the scoping of this contract whether it is PSAK 73, PSAK 19 or other PSAKs. It was determined that the underground space did not meet the definition of an intangible asset that would be subject to an optional scope exemption in PSAK 73, because the defined underground space is tangible in nature. The contract therefore relates to the use of an identified tangible asset. It was concluded that the contract described in the request contains a lease as defined in PSAK 73.
12	Lessee's Incremental Borrowing Rate (September 2019)	The agenda discusses whether a lessee's incremental borrowing rate must reflect the interest rate in a loan with both a similar maturity to the lease and a similar payment profile to the lease payments. It was noted that PSAK 73 does not explicitly require the IBR to reflect the interest rate in a loan with a similar payment profile to the lease payments. Nonetheless, in applying judgement to determine the IBR, it would be consistent with the Board's objective, when developing the definition of the IBR, to refer to the rate for a loan with a similar payment profile to that of the lease as a starting point, if such a rate was readily observable.
13	Sale and Leaseback with Variable Payments (June 2020)	The discussion was around the measurement of a seller-lessee's right-of-use asset arising from a sale and leaseback transaction with variable payments calculated as a percentage of the seller-lessee's revenue generated using the PPE during the lease term and the determination of the amount of any gain or loss recognised at the date of the transaction. To measure the right-of-use asset arising from the leaseback, it was noted that IFRS 16 does not prescribe a method for determining the proportion of the PPE transferred to the buyer-lessor that relates to the right of use retained. In the transaction described in the request, the seller-lessee could determine the proportion by comparing, for example, (a) the present value of expected payments for the lease (including those that are variable), with (b) the fair value of the PPE at the date of the transaction. The gain or loss the seller-lessee recognises at the date of the transaction is a consequence of its measurement of the right-of-use asset arising from the leaseback.
14	Definition of a Lease - Decision-making Rights (January 2020)	The discussion was around whether the customer has the right to direct the use of a ship where many, but not all, decisions about how and for what purpose the ship is used are predetermined in the contract. The customer has the right to make the remaining decisions about how and for what purpose the ship is used throughout the period of use. It was concluded that, in the fact pattern described in the request, the customer has the right to direct the use of the ship throughout the period of use. Consequently, the contract contains a lease.
Buletin Implementasi Vol 2		
Related to PSAK 1: Presentation of Financial Statements,		

No	Issue	Description
PSAK 2: 2 Statement of Cash Flows and PSAK 60: Financial Instruments–Disclosures		
15	Supply Chain Financing Arrangements—Reverse Factoring	This discussion was around the accounting for supplier chain financing arrangements (reverse factoring) specifically, the presentation of liabilities that are part of reverse factoring arrangements, the presentation of the related cash flows, and the information to disclose in the notes about, for example, liquidity risks that arise in such arrangements.
Related to PSAK 2: Statement of Cash Flows		
16	Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)	This topic discusses a specific fact pattern regarding a demand deposit that is subject to contractual restrictions on use agreed with a third party. It was concluded that, in the fact pattern described in the request, the entity presents the demand deposit as cash and cash equivalents in its statement of financial position. When relevant to an understanding of its financial position, the entity would disaggregate the 'cash and cash equivalents' line item and present the demand deposit separately in an additional line item.
17	Identification of cash equivalents - Investments in shares or units of money market funds redeemable (July 2009)	This topic discusses whether investments in shares or units of money market mutual funds that can be exchanged at any time can be classified as cash and cash equivalents. It was noted that the units cannot be considered cash equivalents simply because they can be converted to cash at any time at the then market price in an active market, which means that the amount of cash that will be received is unknown at the time of the initial investment and the risk of changes in value could be significant. Under PSAK 2, cash equivalents must be 'convertible to known amounts of cash' and 'subject to insignificant risk of changes in value'.
18	Identification of Cash Equivalents--Financial Assets	This topic discusses the basis of the period in determining a consistent investment classification: is it "from the reporting date to the maturity" or "from the date of acquisition to maturity"? It was noted, that based on PSAK 2, an investment is classified as a cash equivalent only if the investment has a short maturity from the date of acquisition.
19	Classification of short-term loans and credit facilities (IAS 7)	This topic discusses whether short-term loans for cash management can be classified as components of cash and cash equivalents. Additional information is that short-term arrangement balances do not frequently fluctuate from negative to positive. Based on PSAK 2 para 8, bank loans must be repaid on demand and form an integral part of cash management, so that they can be classified as components of cash and cash equivalents. However, the fact that arrangement balances do not frequently fluctuate from negative to positive suggests that short-term arrangements are a form of financing. In addition, there is additional information that this short-term arrangement cannot be repaid upon request. Accordingly, short-term arrangements in this fact pattern are not components of cash and cash equivalents.
Related to PSAK 10: The Effects of Changes in Foreign Exchange Rates and PSAK 74: Insurance Contracts		
20	Multi-currency Groups of Insurance Contracts (IFRS 17 and IAS 21)	This topic discusses whether forex risk needs to be considered in identifying groups of multi-currency insurance contracts and the application of PSAK 10 in connection with transactions regulated under PSAK 74. Under PSAK 74 paragraph 14, entities are required to consider all risks and group insurance contracts based on similar risks without specifying a particular type of risk ("identical risk"). IFAS include no explicit requirements on how to determine the currency denomination of transactions or items with cash flows in more than one currency. Therefore, it was observed that, in measuring a multi-currency group of insurance contracts, an entity uses its judgement to develop and apply an accounting policy that determines on initial recognition the currency or currencies in which the group—including the contractual service margin—is denominated (currency denomination). The entity could determine that the group— including the contractual service margin—is denominated in a single currency or in the multiple currencies of the cash flows in the group.
Related to PSAK 71: Financial Instruments and PSAK 73: Leases		
21	Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)	This topic discusses how the lessor applies the expected credit loss model in PSAK 71 to the operating lease receivable before the rent concession is granted if it expects to forgive payments due from the lessee under the lease contract and whether the lessor applies the derecognition requirements in PSAK 71 or the lease modification requirements in PSAK 73 in accounting for the rent concession. It was concluded that the lessor should record the lease concession with the above fact pattern on the date the concession is granted by applying the following requirements: 1. impairment and derecognition in accordance with PSAK 71 and 2. lease modification of the forgiven lease payments that have not been recognised as receivable operating leases in accordance with PSAK 73.

No	Issue	Description
Related to PSAK 72: Revenue from contract with customers		
22	Assessment of Promised Goods or Services (IFRS 15)	This topic discusses the performance obligation of a stock exchange that provides a listing service to a customer, specifically whether the stock exchange promises to transfer an admission service that is distinct from the listing service. Based on the fact pattern described in the request, it was concluded that the stock exchange does not promise to transfer any goods or service to the customer other than the service of being listed on the exchange.
23	Compensation for Delays or Cancellations (IFRS 15 Revenue from Contracts with Customers)	This topic discusses the recognition of compensation for flight delays or cancellations, whether as variable compensation (PSAK 72) or contingent liabilities (PSAK 57)? It was concluded that compensation for delays or cancellations, as described in the request, is a variable consideration in the contract.
24	Training Costs to Fulfil a Contract (IFRS 15)	This topic discusses the recognition of training costs to fulfil contracts by an outsourcing company. As additional information, this training fee can be charged to the customer. It was concluded that, in the fact pattern described in the request, the entity applies PSAK 19 in accounting for the training costs incurred to fulfil the contract with the customer. Accordingly, the entity recognises the training costs to fulfil the contract with the customer as an expense when incurred. It was noted that the entity's ability to charge to the customer the costs of training does not affect that conclusion.
25	Principal versus Agent: Software Reseller (IFRS 15)	This topic discusses how a reseller of software licences determines if it is a principal or an agent, in applying the requirements in PSAK 72 to a specific fact pattern. It was observed that the conclusion as to whether the reseller is a principal or agent depends on the specific facts and circumstances, including the terms and conditions of the relevant contracts. The reseller would apply judgement in making its overall assessment of whether it is a principal or agent — including considering the relevance of the indicators to the assessment of control and the degree to which they provide evidence of control of the standard software licences before they are transferred to the customer — within the context of the framework and requirements set out in paragraphs PP34–PP38 of PSAK 72.
Related to PSAK 74: Insurance Contracts		
26	Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)	This topic discusses how an insurer of a group of annuity contracts determines the amount of the contractual service margin to be recognised in profit or loss for a period due to the transfer of survival insurance coverage for that period. PSAK 74 does not prescribe a method for determining the quantity of the benefits provided under a contract. Instead, an entity is required to use a method that meets the principle in paragraph PP119 of reflecting the insurance contract services provided in each period. In selecting a method that meets that principle, an entity considers (a) the benefits provided to the policyholder under a contract with respect to the insurance contract services provided, and (b) when those benefits are provided. Different methods may achieve the principle depending on the facts and circumstances. From the methods described in the fact pattern of the request, the amount of the annuity payment the policyholder is able to validly claim meets the principle in paragraph PP119 of PSAK 74 of reflecting the insurance coverage provided in each period. This approach is referred to as "Method 1" in the fact pattern of the request.

APPENDIX B—Forthcoming requirements

Title	Key Requirements	Effective Date
PSAK 74, 'Insurance Contracts'	This standard will make financial statements of insurance companies comparable with other industries and require a clear separation between income generated from the insurance business and income from investment activities in order to make financial statement information transparent for all stakeholders.	1 January 2025 and early adoption is allowed.
Amendment to PSAK 1, 'Presentation of Financial Statements': Non-current Liabilities with Covenants	The amendment to PSAK 1, 'Presentation of Financial Statements', clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024 and early adoption is allowed.
Amendment to PSAK 73, 'Leases': Leases on Sale and Leaseback	The amendment to PSAK 73, 'Leases' includes requirements for sale and leaseback transactions in PSAK 73 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024 and early adoption is allowed.

APPENDIX C—Other Updates

Pillars	Title	Key Requirements	Effective Date
International	SAK International	DSAK IAI has released Standar Akuntansi Keuangan Internasional (SAK International) in May 2023. This will be a new pillar among the other accounting standards pillars (Umum, EMKM and private entities Pillars) in Indonesia's financial reporting environment. The set of standards in SAK International are a word-to-word translation from IFRS, which make the entities prepare the financial statements under SAK International equivalent/identical with their IFRS financial statements. Up to date of this publication, the regulations around the implementation are still being discussed by the capital market regulator.	1 January 2024
Private entity	The Private Entity Financial Accounting Standards (SAK EP)	On 30 June 2021, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) ratified the Private Entity Financial Accounting Standards (SAK EP) which is the adoption of IFRS for SMEs taking into account conditions in Indonesia. SAK EP will be effective in 2025 and allowed to be applied earlier. SAK EP will replace SAK for Entities Without Public Accountability (ETAP).	1 January 2025
General - Shariah Standard	Amendment to PSAK 107 (Revised 2021) – Ijarah	The amendment to PSAK 107, 'Ijarah Accounting', added accounting requirements for ijarah contracts of assets and also service. The amendment clarifies that the ijarah contract scope is not only sharia financing by Islamic banks and financial institution, but also ijarah contract by non-financial sector such as hospitality and hospital business.	1 January 2023
	Amendment to PSAK 109 (Revised 2022) – Zakat, Infaq and Sadaqah	The amendment of PSAK 109, Zakat, Infaq and Sadaqah provides guidance related to how the entity accounts for the fair value fluctuation from subsequent measurement of zakat, infaq and sadaqah. In addition, the standard also provides accounting guidance to account for the difference between the cash received from sales of non-cash zakat, infaq and sadaqah assets and its carrying amounts.	1 January 2024
	Amendment to PSAK 101 (Revised 2022) – Presentation of Sharia Financial Statements	Amendment to PSAK 101 (2022) eliminates the statement of changes in managed assets (laporan perubahan aset kelolaan) as one of the financial statement components in the face of a set of financial statements. That information related to managed assets is disclosed in the notes to the financial statements.	1 January 2024
	Sharia accounting standard - Annual improvement 2023	DSAS IAI on 18 January 2023 issued an annual improvement. Annual improvements are only editorial changes which do not change the substance of existing requirements. The standards improved are PSAK 109: Accounting for Zakat, Infaq and Sadaqah and PSAK 112, Accounting for Wakaf.	

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