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WIDER GAP BETWEEN IFRS 9, 15, AND 16 WITH THE TAX RULES: CHALLENGES FOR MANAGEMENT ACCOUNTANTS IN INDONESIA

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Abstract: Three accounting standards was effectively valid in Indonesia on January 1, 2020. These are financial accounting standard IFRS 9, 15, and 16 or PSAK 71, 72, and 73. PSAK 71 or IFRS 9 is about financial instruments, PSAK 72 or IFRS 15 is about revenue from contract with customer, and PSAK 73 or IFSR 16 is about leases. There are some significant changes of these standards due to it replacing many standards previously. These standards adopted International Financial Reporting Standard (IFRS) that has principle basis. Principle basis is different with ruled basis whereas tax authorization uses ruled basis. The gap between accounting standards and taxation is wider currently. These differences is challenging for management accountant. Management accountant should accommodate this gap by more understanding about the differences and spreading the information for both internal and external. Literature basis is used for this research, we don't use the real data from companies and it becomes the limitation of this research. Grounded method is used for data analysis. The result of this research that there are significant differences between IFRS 9, 15, and 16 with tax regulation.

Keywords: International Financial Reporting Standard, IFRS 9, IFRS 15, IFRS 16.

Abstrak: *Tiga standar akuntansi yang berlaku efektif di Indonesia pada 1 Januari 2020. Yaitu standar akuntansi keuangan IFRS 9, 15, dan 16 atau PSAK 71, 72, dan 73. PSAK 71 atau IFRS 9 adalah tentang instrumen keuangan, PSAK 72 atau IFRS 15 adalah tentang pendapatan dari kontrak dengan pelanggan, dan PSAK 73 atau IFSR 16 adalah tentang sewa. Ada beberapa perubahan signifikan dari standar ini karena menggantikan banyak standar sebelumnya. Standar tersebut mengadopsi International Financial Reporting Standard (IFRS) yang memiliki dasar prinsip. Basis asas berbeda dengan basis aturan, sedangkan kewenangan perpajakan menggunakan basis aturan. Kesenjangan antara standar akuntansi dan perpajakan saat ini semakin lebar. Perbedaan ini menjadi tantangan bagi akuntan manajemen. Akuntan manajemen harus mengakomodasi kesenjangan ini dengan lebih memahami perbedaan dan menyebarkan informasi baik untuk internal maupun eksternal. Basis literatur yang digunakan dalam penelitian ini, kami tidak menggunakan data nyata dari perusahaan dan menjadi batasan penelitian ini. Metode grounded digunakan untuk analisis data. Hasil dari penelitian ini adalah terdapat perbedaan yang signifikan antara IFRS 9, 15, dan 16 dengan peraturan perpajakan.*

Kata Kunci: *Standar Pelaporan Keuangan Internasional, IFRS 9, IFRS 15, IFRS 16.*

INTRODUCTION

Financial Accounting Standard (SAK) in Indonesia which is called Statement of Financial Accounting Standard (PSAK) and its secondary standard which is called the Interpretation of Financial Accounting Standard (ISAK). PSAK and ISAK are prepared by the Indonesian Accounting Standard Board (DSAK). Standard Board which is a board under the professional organization of the Indonesian Accountants Association (IAI). SAK in Indonesia since January 1, 2012 refers to the International Financial Reporting Standard (IFRS) where previously Indonesian SAK referred to the United Stated Generally Accepted Accounting Principle (US-GAAP). Since January 1, 2015, DSAK have had a target that the difference between IFRS and PSAK and ISAK is one year, for example the IFRS standard applies January 1, 2019, then DSAK targets to be effective in Indonesia January 1, 2020. One year target is a proof of Indonesia's commitment as one the only country in Southeast Asia that is part of the G20. The G20 countries are known to have contributed about 75%-85% to world trade and have committed to follow IFRS standards.

Since January 1, 2012, SAK in Indonesia has undergone many changes. Initially, they were based on rules, now most of them are based on principles. Industry-based IFRS were changed to more general and principles-based IFRS. The industry-based SAK that still exists today is the PSAK on agriculture and insurance. PSAK on construction and real estate is changed to PSAK 72 (IFRS 15) as of January 1, 2020. This means that SAK of agriculture and insurance are the only industrial-based SAK that still exists as of January 1, 2020. Apart from IFRS 15 which is effective January 1, 2020, there are two others PSAK, namely PSAK 71 (IFRS 9) concerning financial instruments and PSAK 73 (IFRS 16) concerning Leases. IFRS 9 replaces IAS 39 (PSAK 55), while IFRS 16 replaces IAS 17 (PSAK 30). IFRS 15 regarding revenue from Contracts with customers replaces PSAK 23, 34, 44, ISAK 10, 21, and 27. IFRS 9, 15, and 16 are known to be comprehensive and based on principles . A professional accountant is required to provide professional judgment in responding to this principle basis where the SAK provides a general reference for how a standard is applied, no longer a rule that has clear references. The basic principles in this new SAK have made the gap between accounting and taxes are wider, because so far taxation has not accommodated changes in IFRS 9, 15, and 16. Tax regulations remain with the basis of rules that are quite clear in their application. From this phenomenon, this paper will review what gaps exist between IFRS 9, 15, and 16 with tax regulations and how management accountants address it. The problem formulation of this research are: (1) How are the differences between IFRS 9 and tax regulations? (2) How are the differences between IFRS 15 and tax regulations? (3)

How are the differences between IFRS 16 and tax regulations? (4) How should management accountant respond to the gap between IFRS and tax regulations? Scope limitation of this research are : (a) the financial instruments in IFRS 9 that will be discussed are related to the classification of financial instruments, derivatives and impairment losses, (b) revenue from contracts with customers in IFRS 15 that will be discussed is related to the real estate industry, (c) the leases that will be discussed in IFRS 16 are related to operating leases and financing from the lessee's side.

LITERATURE REVIEW

The grand theory used in this research is legitimacy theory. Suchman (1995) states that legitimacy is an assumption or general perception which the desired entity’s actions are appropriate in some social system on which values, norms, definitions, and beliefs are built. In this case, IFRS can be seen as a regulation that companies will follow as a mandatory or voluntary basis depending on the type of company, whether the company is under the regulation of the In hhdosian Stock Exchange (IDX), State Owned Enterpriese (BUMN) and Financial Services Authority (OJK) or outside the auspices of the regulators above. Legitimacy is important for the company's future development because the community's legitimacy to the company is a strategic factor. O'Donovan (2000) stated that legitimacy can be seen as something that companies want or seek from society. Legitimacy has benefits to support the survival of a company. Thus, the company's operations must be fit with the expectations of the community.

Deegan, Tobin and Rankin (2002) stated that legitimacy can be achieved when there is a match between the existence of a company that does not interfere or is congruent with the existence of value systems that exist in the environment and society When there is a shift towards non-conformity, then the legitimacy of the company can be threatened. The rationale for this theory is that the company will continue to exist if society realizes that the organization operates for a value system that is fit with the community's own value system. Legitimacy theory suggests companies to ensure that their activities and performance are acceptable to community or public. The company follows the latest standards namely IFRS as a global standard to gain legitimacy from the wider community, especially investors and regulators. Companies with a high level of IFRS implementation are expected to get high legitimacy from users of their financial statements. This form of legitimacy can be reflected in the value of the company, for example the higher share price of the company, easy access to funding, or other performance ratios that indicate the high value of the company.

IFRS 9 : Financial Instruments

According to IFRS 9 (Financial Instruments), a financial instrument is every contract that is recognized as a financial asset to one entity and financial obligation or equity instrument to another entity, for example, if a company has trade receivables, then there are other parties that recognize trade payables, if the company has an investment in shares, then there is another party that recognizes it as share capital, or if the company has investments in bonds , then there is another company as an issuer that recognizes bonds payable, and so on. Financial assets are any assets in the form of cash, equity instruments issued by another entity (for example, investments in shares for which the purpose is not to control or to exert significant influence), contractual rights (for example the right to receive cash or other financial assets from another entity, such as trade receivables or notes receivable).

An equity instrument is any contract that gives a residual interest in the assets of an entity after deducting all of its liabilities. An example is share capital where shareholders will get a residual right of assets after the company has paid all its debts when, for example, the company is liquidated.

Meanwhile financial liabilities are any liabilities in the form of:

(a) Contractual liabilities:

(i) to hand over cash or other financial assets to another entity, examples of which are trade payables, notes payable, loans, or

(ii) to exchange a financial asset or financial liability with another entity under conditions that are potentially unfavorable for that entity, for example, a written option to issue (sell) shares at a price lower than the market price.

(b) contracts that will or may be settled using the entity's own equity instruments that meet certain criteria.

Financial instruments consist of the primary financial instruments and secondary financial instruments. Examples of primary financial instruments are cash, accounts receivable, investments in stock and bond securities, trade payables. Examples of secondary financial instruments are derivatives, for example options contracts, futures contracts, forward contracts, swaps contracts. The value of derivatives changes with changes in the underlying variables (for example, interest rates, stock prices, commodity prices, foreign currencies, etc.), where the underlying variables have in common, that is, their value is fluctuated. Examples that are not financial instruments include liabilities related to employee benefits, tax payable, investments in shares that are categorized as investments in subsidiaries, associations or joint ventures.

IFRS 9 stated that the purpose of the impairment requirement is to recognize lifetime Expected Credit Losses (ECL) for all financial instruments that have experienced a significant increase in credit risk since first time recognition, whether assessed collectively or individually, considering all reasonable and supportable information, including forward-looking information.

In general, companies recognize expected credit losses (ECL) at 3 levels:

1. Level 1

   The 12 months approach is used in this level. It is used when there is no significant increase in credit risk since first time recognition. The losses represent expected credit losses arising from defaults on financial instruments that may occur within 12 months after the reporting date.

2. Level 2

   At this stage, when there is a significant increase in credit risk (possibility of default occurring) since first time recognition, an allowance for life-long expected credit losses is established regardless of when the actual losses will occur. An entity shall determine the risk of loss over the life of the financial instrument by comparing the financial instrument's initial credit risk with the credit risk at the reporting date. An entity should not pay attention to collateral (guarantee) because the collateral will only affect the ECL, it does not affect significant credit risk (default). An entity makes a judgment by considering all available information, including forward looking information, without over effort and cost (undue). There is a rebuttable presumption that significant credit risk exists when payments are more than 30 days in arrears if no other specific information about the borrower is available without undue cost and effort to determine whether there is a significant increase in credit risk. An entity may challenge this presumption if it has reasonable and supportable information, available without undue cost or effort, that proves that credit risk has not increased significantly since initial recognition, even if the contractual payments are more than 30 days in arrears.

3. Level 3

   IFRS 9 states that financial assets experience credit impaired financial assets when one or more events that have an adverse impact on the estimated future cash flows of financial assets have occurred. Evidence that a financial asset is creditworthy includes observable data regarding the following events:

   a. significant financial difficulties by the issuer or borrower;

b. breach of contract, such as an event of default or arrears;
c. the lender, for economic or contractual reasons in connection with the borrower's financial difficulties, has given the borrower a concession that would not have been possible if the borrower had not experienced such difficulties;
d. there is a possibility that the borrower will enter bankruptcy or other financial reorganization;
e. the disappearance of an active market for a financial asset due to financial difficulties; or
f. the purchase or issue of a heavily discounted financial asset that reflects the credit loss incurred.

IFRS 15 : Revenue From Contract with Customers

Income is the increasing of economic benefits during the accounting period in the form of inflows or increasing in assets or decreasing in obligation that result in an increasing in equity, and this is not contributions from the owners. Revenue is the income that arises during the normal activities of the entity. In order to determine the recognition of revenue, this guideline requires companies to conduct a contractual analysis of transactions first, which consists of the following 5 (five) stages: (a) identification the contracts with customers, (b) identification the implementation of obligations, (c) determine the transaction price, (d) allocating transaction prices related to performance obligations, (e) recognizes revenue when (or during) the entity has completed its performance obligations. In the case of settling the performance obligation, the entity recognizes revenue when (or during) it completes the performance obligation by transferring the promised goods or services (i.e. assets) to the customer. Assets are transferred when (or during) the customer obtains control of the asset. At the inception of the contract the entity determines whether the entity completes a performance obligation over time or completes a performance obligation at a specific time.

Performance Obligation Over Time

An entity shall transfer control of the goods or services over time and, accordingly, settle performance obligations and recognize revenue over time, if one of the following criteria is met: (a) customers simultaneously receive and consume the benefits provided by the entity's performance when the entity performs its performance obligations, (b) the entity's performance of creating or enhancing assets (for example, work in progress) that are controlled by the customer as assets created or enhanced, or (c) the entity's performance does not create an asset with alternative uses against the entity and the entity has a enforceable right to pay for performance that is settled to a certain date.

IFRS 15 : Lease

The definition of a lease under IFRS 15 is at the inception date of the contract, the entity assesses whether the contract constitutes, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of the identified asset over a period of time in exchange for consideration. Unlike the case with previous standard about lease, named IAS 17 (Lease) , it is almost certain that all leases are included in the category of finance leases because the requirements to become operating leases according to the author's analysis are becoming more stringent.

A lease is classified as an operating lease if it meets the following 2 conditions, namely (a) a short-term lease, and (b) a lease with a low underlying asset. A short-term lease is a lease with a duration of less than or equal to 12 months The underlying asset can be of low value only if: (a) the lessee benefits from the use of the underlying asset separately or in conjunction with other resources already available to the lessee; and (b) the underlying asset is not highly dependent, or has high interrelation, with other assets.

A lease of a base asset does not qualify as a lease for a low-value asset if the nature of the asset is, when new, the asset does not normally have a low value. For example, a rental car will not qualify as a low-value asset lease because a new car usually won't be a low value. Examples of low-value basic assets could include tablet and personal computers, compact office furniture, and telephones.

Tax Regulation Related to Financial Instruments

Similar accounting standards, the tax rules also recognize transactions on financial instruments consisting of transactions in stocks, bonds and derivatives. Transactions on shares are usually related to the recognition of dividend income. Transactions on bonds relate to interest income and interest costs from the parties making the transaction. Meanwhile, derivative transactions are related to the recognition of profit or loss from the time the derivatives are executed.

Tax Regulation Related to Revenue

In Indonesian Law No. 36 of 2008 concerning income tax (www.pajak.go.id) what is meant by income is any additional economic capability obtained or received by a taxpayer from within or outside the country which is used for consumption or to increase the wealth of the taxpayer in the name of and any form. This definition is clearly different from the definition of income in accounting standard but is not substantially different. The tax regulation divides income which is a tax object, non-taxable income, and final income.

Tax Regulation Related to Lease

Tax rules related to leases are divided into 2 categories, namely leases with option rights and leases without option rights. Rent for land and buildings will be subject to final pph of article 4 paragraph 2 and will be subject to VAT. Leases other than land and buildings are subject to 2% income tax number 23. For the category of lease with option rights, VAT will only be charged if the lessee company takes the option right, which means that there is delivery of taxable goods.

RESEARCH METHODOLOGY

This research is a qualitative study in the form of a comparison of the accounting treatment of IFRS 9, 15, and 16 with tax regulations. This qualitative research uses literature studies, namely data collection techniques by observing / searching for documents, books, articles, journals or archives related to determining the formulation of the problem in accordance with the research theme being studied. And the results of research with this literature study technique are related to theoretical triangulation, namely the results of this study in the form of an information formulation or a thesis statement which is then compared with relevant theories to minimize the occurrence of individual researchers' bias towards the results and conclusions obtained. The stages carried out by researchers in data collection are: (1) determining the research theme, (2) including the research background, (3) formulating the problem, (4) expanding and presenting a literature review, (5) choosing the research method used and, (6) Processing, analyzing, and discussing research results. In conducting data analysis, researchers used Grounded. Theory where the researcher formulates the problem first and conducts a literature review or literature review to find out the theory that has previously been applied in research with related themes. With this, the researcher hopes that by conducting a study of the accounting treatment for IFRS 9, 15, 16 and their tax regulations, information on various matters that must be anticipated by management accountants in particular and the general public with an interest in the preparation of corporate financial statements will be obtained. To achieve these objectives, this study: looking for differences between IFRS 9, 15, and 16 with their tax regulations. The output of this review is to provide suggestions or recommendations for various parties with an interest in the preparation of financial reports, especially management accountants, regulators, and academicians.

RESULT AND DISCUSSION

The Differences Between IFRS 9 and Tax Regulation

IFRS 9 paragraph 4.1 states that an entity classifies financial assets so that after initial recognition, financial assets are measured at (1) Amortized Cost (AC), (2) Fair value through other comprehensive income (FVTOCI) , and (3) Fair Value Through Profit and Loss (FVTPL). For the FVTOCI and FVTPL categories, each period the company compares the fair value of securities to their book value. The difference in fair value and book value, both increase and decrease, is recognized in Other Comprehensive Income (OCI) for the FVTOCI category, while for the FVTPL category it is recognized in profit or loss. Neither OCI nor recognition in profit or loss incurs current taxes payable in the current period. Profit or loss from OCI will give rise to a deferred tax liability or asset, while recognition in profit or loss will be carried out a fiscal reconciliation. Tax will only recognize profit or loss when the company experiences a gain or loss from the sale of securities. For the AC and FVTOCI categories, especially for securities in the form of debt, for example investment in bonds, companies need to amortize the difference between the acquisition value and the nominal value using the effective interest rate method. With this method, the interest income journal will appear as opposed to the ups and downs of the investment value. In terms of taxation, the interest income journal will be corrected for fiscal purposes because taxation only recognizes real interest income in the form of cash. The same thing happens in the case of debt securities issuers who will recognize interest costs to amortize the value of debt securities, this interest expense will be corrected for fiscal purposes because taxation will only recognize the real interest cost paid.

For derivative transactions, the company uses the category as FVTPL where each period the company must compare with its fair value to determine whether the position of the derivative is in a profit or loss condition. For the cash flow-type hedge derivative category, the gain or loss from fair value is recognized in OCI for the effective portion, while the ineffective portion is recognized in profit or loss. For the fair value type hedge derivative category, the gain or loss from the fair value comparison is recognized in profit or loss. Whether recognized in OCI or in profit or loss, taxation will not recognize until realization of the derivative. Fiscal corrections will be made for the gain or loss recognized in profit or loss and deferred tax will be recognized for the gain or loss recognized in OCI.

Impairment for financial instruments from the perspective of IFRS 9 is divided into 3 levels, where each level recognizes an impairment loss recognized in profit or loss and an allowance for impairment loss recognized in the statement of financial position. Impairment loss in profit or loss will be fiscal corrected to comply with the tax rules because the tax does not recognize if there has been no realization that the loan or other financial instrument is completely uncollectible by the procedure determined by the tax provisions. There is a conceptual difference between the decline in value in IFRS 9 which is still a provision, while the tax regulation looks at the realization side.

The Differences Between IFRS 15 and Tax Regulation

IFRS 15 supersedes several previous standards in terms of revenue recognition. One of the standard that was replaced is Statement of Financial Accounting Standard (SFAS) no. 44 that related to accounting for real estate development activities. The real estate industry can recognize revenue either on full accrual basis or by the percentage of completion method. For the recognition of income on a full accrual basis, it means that the control over real estate assets has transferred to the buyer. SFAS and taxes have no difference in the recognition of income on a full accrual basis, while income recognition using the percentage of completion method based on SFAS 44 can be done if it meets the following criteria, namely: (a) The construction process has gone through the initial stages, namely the building foundation has been completed and all the requirements to commence construction has been fulfilled, (b) The total payment by the buyer has reached 20% of the agreed selling price and the amount cannot be refunded by the buyer, and (c) The total sales revenue and building unit costs can be estimated reliably. The criteria for SFAS 44 are amended by IFRS 15 where the requirements for revenue recognition using the percentage of completion method can be made if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the performance of the entity when the entity carries out its performance obligations, (b) the entity's performance creates or enhances a customer-controlled asset (for example, work in progress) as an asset created or enhanced, and (c) the entity's performance does not create an asset with alternative uses to the entity and the entity has a enforceable right to pay for performance which was completed until a certain date. The criteria suitable for the real estate industry especially in landed house are in criterion (c) where if the customer has ordered the desired unit and the customer is already in a condition to pay, the real estate company can recognize revenue over time using the percentage of completion method, while for apartments, none of those criteria are met because the customer have to wait until the whole unit of apartments are finished before it can be taken over and mostly the developer still having an alternative use during the progress of construction, for example cancelling the order, move the unit that has been ordered by the customer to another place, etc. Between IFRS 15 the percentage of completion method and the taxation rules are not different where when the company collects the collection, the income will be recognized both in accounting and tax terms simultaneously, while for apartments industry, there will be a gap between the cash flow and reveneue recognition. Tax will recognize rrevenue when company has received a cash from customer, while in accounting revenue is recognized when the apartments have been taken over by customer.

Another difference between accounting and tax is when the company recognizes revenue on a full accrual basis, that is, if there are still trade receivables. Accounts receivable that are more than one year according to SFAS will be discounted to their present value and over time, there will be recognition of interest income because the value of the receivables will increase until finally equal to their nominal value. Interest income in this case will not be recognized by the tax regulations, because tax will only recognize the full amount of the invoice without considering any discount. Interest income will be corrected negatively during fiscal reconciliation.

The Differences Between IFRS 16 and Tax Regulation.

According to IFRS 16, there are 2 types of leases, namely: (a) Operating Leases, and (b) Finance Leases. A lease is categorized as an operating lease if it meets the following 2 conditions: (a) a short-term lease, and (b) a lease with a low underlying asset value. Short-term leases are leases with a duration of less than or equal to 12 months. An underlying asset can be of low value only if: (a) the lessee benefits from using the underlying asset separately or in conjunction with other resources that are available to the lessee; and (b) the underlying asset is not highly dependent, or has high interrelation, with other assets. A lease of a base asset does not qualify as a lease for a low-value asset if the nature of the asset is, when new, the asset is usually not of low value. For example, a rental car will not qualify as a low-value asset lease because a new car usually won't be a low value. Examples of low-value basic assets could include tablet and personal computers, compact office furniture, and telephones. The operating lease journal of each tenant company making lease payments is: Rent expense (Dr) and Cash (Cr). While the finance lease journal is: (a) tt the time receiving leased assets : Right use if asset (Dr), Right use of asset liabilities (Cr), (b) tt time of payment : Right use if asset liabilities (Dr), Interest expense (Dr), Cash (Cr), (c) at the time of depreciation : Depreciation expense (Dr), Accumulated Depreciation (Cr).

An aspect of taxation related to leases is that when the lessee pays the rent to the lessor, its tax obligations are due. If the lease is in the form of land and buildings, the tenant will deduct 10% of Income Tax Article 4 paragraph (2) and the tenant will charge the tenant VAT of 10% if he is a Taxable Entrepreneur. . Rents other than land and buildings are included in the 23 income tax category where the tenant will deduct 2%. Taxation refers to leasing in 2 categories, namely leasing without option rights and leasing with option rights. Leasing without option rights is the same as the operating lease category, while leasing with option rights is the same as the finance lease under IFRS 16. Lease services without option rights (ordinary lease) are taxable services, the rental price paid or should be paid by the lessee. is levied VAT by the lessor, by issuing a tax invoice. The lessee has the right to credit Input Tax paid on lease without option rights, as long as the leased asset is directly related to its business activities. In a finance lease under IFRS 16, accounting recognizes interest costs as well as depreciation costs for use rights assets. These two costs must be eliminated during a fiscal reconciliation, because taxes will only recognize according to cash paid and the tax is final.

From the above explanation, it can be seen that the difference between IFRS 16 and tax regulations, especially in terms of the finance lease, where IFRS 16 will recognize interest costs and depreciation costs for use rights assets, while tax regulations will only recognize rental costs on cash paid by the lessee. The total lease payments are usually fixed during the lease payment term while accounting recognizes the interest expense for each payment period at a different amount while the depreciation cost of the usable assets is the same using the straight-line method. This will result in differences in cost recognition between accounting and tax regulations that must be reconciled each period.

Management Accountans in Addressing Gap Between New Accounting Standards and Tax Regulation

Management accountants must address the differences between IFRS 9, 15, and 16 with wider taxation regulations by studying these differences and disseminating them to all members of the organization related to taxation and accounting. If necessary, the management accountant can have a deeper discussion with the tax officer so that there is no misunderstanding of these differences. Management accountants must understand that not all tax officers understand these differences because the knowledge of tax officers from one to another and from one office to another in reality on the ground can differ. This is where the role of management accountants in bridging so that all parties understand the different perspectives in each regulation, namely SFAS and tax regulations.

CONCLUSIONS

The differences between IFRS 9 and tax regulations are in the recognition of fair value to OCI and profit or loss related to the classification of financial instruments, recognition of profit or loss and OCI in terms of derivatives, as well as aspects of impairment in financial instruments. The differences between IFRS 15 and taxation regulations in terms of timing difference of recognizing revenue in real estate industry especially in apartments. Also, discounting trade receivables is that SFAS will recognize interest income which under the tax regulation will be corrected negatively. The differences between IFRS 16 and tax regulations is in the case of a finance lease where from the lessee's side there will be recognition of interest costs and depreciation costs, which are not recognized in the tax regulation. The tax will only recognize the cost according to the cash spent on rent.

Management accountants must have better understanding about the differences between SFAS and tax regulations that are widening and conduct socialization to all members of the organization concerned. Management accountants must act as motors in bridging internal company parties with tax employees, most of whom do not understand accounting aspects because of their diverse knowledge to avoid unwanted disputes between the internal company and the tax office. Suggestions for this research are : (a) the financial accounting standards board and tax authorities should sit together to overcome the wider gap between IFRS and tax regulations, (b) the financial accounting standards board should make the basis of principles in such a way that they are easy to apply so as not to generate many perceptions among practitioners.

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