



IFRS 15 PSAK 72

Revenue from
contracts
with customers

PSAK 72, which replaces PSAK 23: Revenue, PSAK 34: Construction contracts and their associated Interpretations, comes into effect for annual reporting periods commencing on or after 1 January 2020. Earlier adoption is permitted. PSAK 72 sets out a single framework for revenue recognition. Its core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

HOW WILL IT IMPACT YOU?

- Entities may want to reconsider their current contract terms and business practice.
- Revenue may be accelerated or deferred, particularly for those: (i) Entities that provide a bundle of goods and services (e.g. mobile phone providers); (ii) Provide licenses (e.g. software distributors); and (iii) Whom consideration receivable is variable in nature (e.g. because of discounts), rebates and other price concessions, incentives and performance bonuses, penalties or other similar items.
- The timing of revenue recognition may change even when there is only one performance obligation, particularly for those involved in providing services. Entities will need to determine whether revenue should be recognized over time or at a point in time.
- The amount of revenue recognized may change if an entity receives a significant financing benefit.
- Existing accounting software may need to be adapted or replaced to ensure it is capable of capturing data to deal with the new accounting requirements; particularly for use in making estimates, establishing standalone selling prices, or supporting the extensive disclosure requirements.
- The current estimates and judgments made under the existing standards may need to be revised to comply with the specific guidance in PSAK 72.

WHAT ACTION DO YOU NEED TO TAKE?

- ☒ Identify the contract(s) with a customer.
- ☒ Identify performance obligations in the contract.
- ☒ Determine the transaction price.
- ☒ Allocate the transaction price to the performance obligations in the contract.
- ☒ Recognize revenue when (or as) the entity satisfies a performance obligation.

HOW WE CAN HELP

RSM has the experience and the expertise to help:

- Guide you through PSAK 72, highlighting where key judgements will be required and allow you to be aware of practical alternatives (e.g. valuing customer options).
- Compare and contrast the requirements of PSAK 72 with current accounting policies.
- Develop an implementation plan that will ensure a smooth and cost effective transition and, if required, assist in project managing the implementation.
- Support you in the data capturing of your contracts, processing and presentation of the results.
- Clarify the transition methods and practical expedients available when implementing PSAK 72, together with their comparative advantages and disadvantages and the disclosure implications
- Assist in reviewing material prepared for communication with stakeholders about the impact of implementing PSAK 72, including the costs of the implementation process.
- If you have already started the implementation process, we can help you to determine whether the recent clarifications change the impact of PSAK 72 on your entity and thus change your choices for transition.

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