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The urgency of refining the accounting standards of state tax revenue and receivables

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ABSTRACT

Indonesia's Central Government Balance Sheet reflects substantial amounts of tax revenue and receivables, indicating the potential for significant state budget receipts. However, for the past 5 years, the audit report of the Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan, BPK) on the Central Government Financial Report (LKPP) has consistently identified accuracy issues of tax receivable balances. Accordingly, this study explores the accounting problems related to tax revenue and receivables within the Directorate General of Taxes (DGT) and proposes solutions how to improve them. A qualitative case study approach was employed using data collected through documentation and triangulated interviews with the Ministry of Finance (DGT and Directorate General of Treasury), BPK, and the Government Accounting Standards Committee. Results showed that inadequate regulation on the accrual-based reporting of tax transactions leads to underreported state revenue and receivables. The findings also provide empirical evidence that adopting International Public Sector Accounting Standards (IPSAS) 23, which covers revenues from non-exchange transactions (taxes and transfers), into Indonesia's Government Accounting Standards could solve tax revenue and receivable accounting problems. Furthermore, a comparative analysis of ASEAN countries revealed that Malaysia, Singapore, and the Philippines have already incorporated IPSAS 23 into their accounting frameworks.

KEYWORDS:
Government accounting standard; IPSAS 23; tax receivables

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INTRODUCTION

Taxation research remains a compelling topic, considering that tax revenue is the largest component of Indonesia's State Budget (APBN). Tax revenue has consistently contributed the largest share of state revenue, at approximately 77%–80% over 5 years (2019–2023), as illustrated in Table 1. This aspect reinforces the significant role of tax revenue in the APBN. For example, tax revenue amounted to 1,547,841 million IDR in 2021, representing more than 75% of the total state revenue of 2,006,334 million IDR. However, state and tax revenues fluctuated over the 5 years, with a notable decline in 2020. This drop is likely due to the economic impact of the COVID-19 pandemic.

Table 1. State Revenue and Tax Revenue Realization in the State Budget (in million IDR)

	2019	2020	2021	2022	2023
State revenue	1,955,136	1,628,951	2,006,334	2,630,147	2,634,149
Tax revenue	1,546,142	1,285,136	1,547,841	2,034,553	2,118,348
Non-tax revenue	408,994	343,814	458,493	595,595	515,801
Tax revenue on state revenue	79.08%	78.89%	77.15%	77.36%	80.42%

Source: *BPK RI, 2020-2023*

Tax receivables represent potential state revenues as reflected in the Central Government Financial Report (LKPP) balance sheets (Government Accounting Standards Committee [KSAP], 2021). They are presented in the LKPP as a short-term current asset valued at net realizable value (NRV) after considering an allowance for uncollectible receivables. Tax receivables are reported in the Balance Sheet and disclosed in the Notes to Financial Statements (CaLK). Tax receivables arise after a tax assessment letter or tax bill is created. Against these tax receivables, efforts must be made to collect tax receivables. The Directorate General of Taxes (DGT) of the Ministry of Finance performs Indonesia's tax administration. Table 2 illustrates the 2019–2023 balance of tax receivables.

Table 2. Tax Receivables in the Directorate General of Taxes (in million IDR)

	2019	2020	2021	2022	2023
Gross Value	72,630,633	69,891,089	68,886,856	67,687,304	73,722,552
Allowance	−44,894,690	−37,439,662	−39,736,570	−39,387,637	−39,913,599
Net Value	27,735,944	32,451,427	29,150,286	28,299,667	33,808,952

Source: *BPK RI, 2020-2023*

However, the audit reports of the Audit Board of Indonesia (Badan Pemeriksa Keuangan, BPK) show recurring findings on taxes in the LKPP, particularly regarding the recording, recognition, also reporting of taxes and tax receivables. The BPK audits have consistently highlighted inadequacies in tax receivable administration (BPK RI, 2023; Khairizka, 2022). For instance, BPK found that the current accounting policies did not regulate the accrual-based reporting of tax transactions, resulting in underreported state rights and obligations by at least 11.11 trillion IDR and 21.83 trillion IDR, respectively (BPK RI, 2022). To address this issue, the BPK has recommended the Ministry of Finance to coordinate with the KSAP to develop and revise tax accounting policies covering all tax transactions.

Motivated by BPK findings, this study explores tax revenue and receivable accounting issues within the DGT to identify the underlying causes of administration inefficiencies in tax receivables and propose improvements. Previous studies have identified various weaknesses in tax revenues and receivable management. For instance, Pratiwi and Martini (2021) evaluated the administration issues of tax receivables at the DGT using BPK data on LKPP for the fiscal years 2019–2021. They proposed integrating existing DGT systems to create taxpayer accounts, improve human resource capabilities, and enhance management supervision. Similarly, Djunur (2020) investigated the fulfillment of information disclosure criteria for tax receivables using LKPP data for the fiscal years 2017–2019. The study found that for fiscal years 2017 and 2018, the LKPP did not fully meet the disclosure criteria for tax receivables, whereas the fiscal year 2019 showed that one additional disclosure criterion was met.

Further research on tax receivables has been conducted at the DGT's vertical units, such as the Regional Offices and Tax Service Offices (KPP). Febriana and Riharjo (2017) examined the effectiveness of the tax collection section in collecting tax receivables and concluded a weak collection process that must be improved. Other studies, such as Tanuwijaya and Budiono (2014), reviewed tax collection procedures and found that certain billing sections at the KPP were delayed or failed to take appropriate action. Research at various KPP offices also recommended the elimination of expired tax receivables that met the necessary conditions. Additionally, research was conducted on the internal control system of the KPP's collection section and revealed several weaknesses. These studies concluded that improvements were needed, and the process for clearing arrears must aligned with relevant regulations (Laksana et al., 2019; Muhamad & Wahyuni, 2017).

Unlike previous studies, we provide a broader context. We reviewed the literature on the application of international accounting standards, particularly International Public Sector Accounting Standards (IPSAS) 23, across ASEAN countries, offering insights into Indonesia's progress in adopting these standards. Although the implementation of IPSAS in Indonesia is not mandatory, we find that adopting the standard is beneficial. Therefore, this study provides recommendations for improving accounting standards to address tax accounting problems. This study also employs institutional theory and new public management (NPM) as an accounting theory to analyze the application of IPSAS.

This study adopts NPM theory, focusing on its connection to accounting theory and the application of IPSAS (Bolivar & Galera, 2013; Schmidthuber et al., 2022). It provides a comparative analysis of the global adoption of IPSAS, particularly after the NPM reforms, which emphasized the shift toward accrual accounting (Christiaens et al., 2014). Many countries have adopted IPSAS to modernize government accounting practices (Brusca & Martínez, 2015).

According to NPM theory, "agent"-produced financial statements (such as by government bodies) act as signals and monitoring tools for "principals," including the House of Representatives, auditors (BPK), and the public. The theory suggests that IPSAS enhances financial statements' usefulness by promoting transparency, improving efficiency, and providing a basis for comparative analysis (Bolivar & Galera, 2013). Several studies have shown that IPSAS adoption is linked to enhanced transparency, decision-making, and the principles of fairness between generations (inter-generational equity) (Christiaens et al., 2014; Schmidthuber et al., 2022; Tawiah, 2022; The Association of Chartered Certified of Accountants, 2017). In this study, we analyzed the adoption of IPSAS 23 in the context of ASEAN countries, with an emphasis on their geographical proximity.

Institutional theory is also employed to explain how governments adopt socially acceptable and appropriate new standards, despite their lack of efficiency. Institutional theory has two key components: the processes of institutionalization and isomorphism. The theory posits that organizations tend to conform to prevailing internal and external norms, traditions, and social pressures, leading to homogeneous organizational structures and practices. Accordingly, we hypothesize that harmonizing accounting regulations with international standards, such as IPSAS, has potential benefits.

RESEARCH METHOD

This study employs a qualitative approach to data collection methods, including document analysis and semi-structured interviews with experts from relevant institutions. Key informants from the DGT, Directorate General of Treasury, KSAP, and BPK were interviewed between September 2021 and March 2022. They were selected based on their direct involvement with tax receivables in the LKPP, related audits, and audit result follow-ups. The semi-structured interview included open-ended questions and probe questions to explore further the participants' responses and the topic of interest.

During field observations, we conducted formal interviews and informal conversations with the experts to elaborate on our findings and contextualize our observations. The institutions include four public organizations involved in the development of Indonesia's public-sector accounting standards. All communication during the interviews was digitally recorded. Data validity was ensured through triangulation by gathering information (data) from multiple sources (Rukajat, 2018). We employed Miles and Huberman's (1994) method of data reduction, data presentation, and drawing conclusions.

RESULT AND DISCUSSION

Tax Revenue and Receivable Accounting Issues

The BPK audit report shows significant misstatements in tax receivables on the LKPP. The information gathered from Indonesia's accounting and reporting subdivision (DGT) shows that the issues of tax receivable are due to the lack of standards. Tax receivable misstatement impacts the tax revenue presentation in the accrual-basis Balance Sheet and Operational Report (LO), whereas tax revenues reported in the Budget Realization Report (LRA) are relatively unaffected because they are cash-based. Table 3 reports the audit-related findings on tax revenue and tax receivable for the fiscal years 2019–2023.

The current Government Accounting Standards of Indonesia (SAP) does not regulate the recognition of government rights from taxpayers' provisions or tax returns. In this case, the government has the right to recognize tax receivables as a state right, though no legal product has been formally issued. Another issue is the recording of confiscated goods that have not been integrated into the calculation of tax receivables. The process of calculating the tax receivable balance in the Tax Receivables Progress Report is sourced from the DGT Information System. According to PER-01/PJ/2020, the value of the collateral/confiscated goods is deducted from tax receivables as an allowance for uncollectible tax receivables (Pratiwi, 2021).

Taxpayers often pay taxes for amounts approved as well as not approved in tax provisions as allowed under the principle of self-assessment. This principle allows taxpayers to calculate, pay, and report their taxes independently. The DGT recognizes approved and unapproved tax payments as tax revenue at the time of payment. However, unapproved amounts that are subject to legal remedies, including objections, are not treated as tax debts under tax regulations. Their collection is postponed, and if the objection is rejected or partially granted, Article 25 Paragraph (9) of Law Number 7 of 2021 on Harmonization of Tax Regulations (HPP Law) imposes a 30% fine on the unpaid tax.

From the DGT's perspective, tax payments on unapproved amounts do not meet the definition of accrued tax revenue in the Revenue–LO system. These payments are better recognized on a cash basis as in the LRA revenue. From the taxpayers' perspective, these payments are made to avoid the 30% fine, though they are not a government right. If the objection is fully or partially granted, a tax refund (restitution) is possible.

Similarly, taxpayers may also make payments on unapproved amounts under appeal in a tax court. If the appeal is rejected, these payments aim to reduce the risk of a 60% fine under Article 27 of the HPP Law. Regarding objections, tax payments on unapproved amounts during appeals can lead to potential tax refunds for any portion granted by the court's decision. This process ensures that such payments are recorded, although they are not final government rights before the dispute is resolved.

Table 3. Audit Finding on Tax Revenue and Tax Receivable for the Fiscal Years 2019–2023 (in trillion IDR)

Audit finding	2019	2020	2021	2022	2023
Administrative sanctions	12.640			637.021	341.8
Restitution	11.620	2.780			
Tax notification	73.671				
Late issuance	26.957				
Right to collect		21.688	11.110	7.662	5.820
Tax liability		16.590	21.830		
	Inadequate tax receivables administration	Inadequate tax receivables administration	Inadequate tax receivables administration		Active tax receivable collection is suboptimal

Source: *BPK RI (2020-2023)*

Existing Regulations and Accounting Standards on Tax Revenue and Receivables

Central and local governments apply SAP under the guidance of the KSAP. SAP is regulated by Government Regulation Number 71 of 2010, which references IPSAS issued by the International Federation of Accountants. However, Indonesia does not fully adopt IPSAS; rather, it employs a strategy of adoption, adaptation, and localized development (Hoesada, 2009). As of 2022, Indonesia's government accounting framework has 17 Statement of Government Accounting Standards (PSAP), 24 Technical Bulletins, and four PSAP Interpretations.

Article 32 of Law Number 17 of 2003 concerning State Finance states that the government is required to submit an accountability report for the APBN implementation in the form of the Government Financial Report (LKPP). The LKPP reports the state's financial performance and budget use. The LKPP consists of the LRA, Statement of Changes in Budget Balance Over (LP SAL), Balance Sheet, LO, Statement of Changes in Equity (LPE), Statement of Cash Flows (LAK), and CaLK.

Tax receivables reported in the LKPP are derived from several sources, including the issuance of tax assessments (SKP), legal decisions, foreign currency conversions (realized and unrealized gains), transfer of receivable balances between KPPs, and prior-year additions. These details are disclosed in the CaLK to ensure the completeness of financial statement disclosures.

Two accounting bases are used: accrual and cash basis. Under the accrual basis, transactions are recognized when the right to assets, income, or liabilities arises. This method is applied in the Balance Sheet, LO, LP SAL, LPE, LAK, and CaLK. In contrast, the cash basis recognizes transactions when cash or cash equivalents are received or paid, such as in the reporting of LRA-Income. Tax receivables are recorded as current assets at their NRV, after considering allowances for uncollectible receivables. They are presented in the Balance Sheet and disclosed in the CaLK. Tax receivable accounting is further detailed in two SAP technical bulletins. First, Technical Bulletin Number 6, issued in 2008, is based on "cash toward accrual" under Government Regulation Number 24 of 2005. Second, Technical Bulletin Number 16, issued in 2014, is fully accrual-based under Article 3 of Government Regulation Number 71 of 2010.

PER-20/PJ/2020 governs the application of SAP in the DGT and provides guidelines for recording tax receivables, including their balances, mutations, and deletions. Since July 1, 2020, the DGT has implemented the Revenue Accounting System (RAS), updating state receivable balances in real-time. The Tax Receivable Report generated through the RAS aligns with the Balance Sheet report.

HPP Law defines *tax* as a mandatory contribution from individuals and entities to the state. This contribution is coercive and without direct benefit. Taxes can be collected through withholding tax, self-assessment, and official assessment. Withholding tax involves tax collection by third parties, whereas self-assessed tax is calculated and paid by taxpayers independently, as outlined in Article 25. An official assessment is determined by the KPP through SKPs or collection notices (STP). Administrative sanctions are imposed if the taxpayers' objections are rejected or partially granted. Under the HPP Law, the 30% fine is imposed on unpaid taxes resulting from objection decisions, whereas the 60% fine applies to unpaid taxes resulting from appeal judgments.

How IPSAS 23 Solves Tax Revenue and Receivable Issues

The principle of tax collection is often guided by Adam Smith's four maxims of taxation, namely, equity, certainty, convenience of payment, and the economics of collection (Smith, 2010). In contrast, the Public Accountant Professional Standards (Standar Profesional Akuntan Publik, SPAP) outlines three constraints in accounting information and financial statements: materiality, cost–benefit considerations, and balance between qualitative characteristics. These constraints can lead to gaps in relevant and reliable accounting information due to practical limitations or the prioritization of materiality to ensure that the benefits outweigh the costs.

Meanwhile the development of IPSAS aims to harmonize public-sector accounting practices globally (Schmidthuber et al., 2022). IPSAS research has identified gaps, particularly in advancing normative studies. Although knowledge of IPSAS is derived mostly from empirical studies, further research is necessary to explore how accrual-based IPSAS contributes to transparency, trust in administrative and political systems, and institutional confidence. Accounting standard development in the public sector is crucial for the state due to its consequences on decision-making and accountability (Bisogno et al., 2019).

In revenue transactions, IPSAS differentiates between *exchange transactions* (IPSAS 9) and *non-exchange* transactions (IPSAS 23). Exchange transactions involve the exchange of goods and services or the reduction of an entity's liabilities by providing an equivalent or nearly equivalent value in return. In contrast, non-exchange transactions involve receiving resources without a direct reciprocal exchange, such as tax revenues (IPSASB, 2022).

Taxes involve no direct reciprocal benefit to taxpayers. Thus, they fall under the definition of non-exchange transactions in IPSAS 23. Taxpayers contribute to the government without receiving goods or services of equal value. Rather, they indirectly benefit from public services and social policies provided by the government. This characteristic differentiates tax revenue from income derived through direct contributions or exchanges, which are accounted for under IPSAS 9. IPSAS 23 introduces a transactional analysis approach that requires entities to evaluate inflows from non-exchange transactions to determine their definition as an asset and the criteria for its recognition. Similarly, if liabilities arise from such transactions, then they must be recognized. In line with accounting principles, IPSAS 23 emphasizes the concept of "substance over form," ensuring that the essence of transactions is accurately reflected in the financial reports.

Recognition of liability and tax revenue in non-exchange transactions

Liabilities arise from non-exchange transactions when obligations are recognized as outlined in IPSAS 19: Provisions, Contingent Liabilities, and Contingent Assets. IPSAS 19 defines *income* as an increase in net assets resulting from recognized resource inflows. For example, income tax must be recognized when a taxable event occurs in the reporting period. Additionally, "Advance Receipts of Taxes" applies to resources received before taxable events occur. These receipts are recorded as assets and liabilities (advance receipts) when the event that gives rise to the entity's right to tax has not yet occurred and the recognition criteria of tax revenue are not yet met.

A taxable event is a fundamental concept under this standard. It refers to an event, transaction, or action that creates a tax obligation. *A taxable event* is also defined as "any event, transaction, or action that impacts your taxes." It is also interpreted as "an event or transaction that has a tax consequence, such as the sale of stock holding that is subject to capital gains taxes" (Rosenberg, 2022). According to IPSAS 23, *a taxable event is* "the event that the government, legislature, or other authority has determined will be subject to taxation" (IPSASB, 2022). In practice, taxable events include actions or transactions that trigger tax liabilities, such as the sale of assets subject to capital gains taxes.

IPSAS also introduces **"The Tax Gap"** concept**.** It represents the difference between the taxes that should be collected under tax regulations and those actually received. This gap may arise from factors such as tax evasion, non-compliance, and errors. The current IPSAS standard does not recognize the potential tax gap in financial statements. Nevertheless, IPSAS 23 can help address this issue.

From a legal certainty perspective, taxes can only be imposed when a taxpayer meets the criteria for a taxable event. Such events must be precisely defined to provide taxpayers with certainty and calculate tax obligations properly. Without clear formal provisions, ambiguity may arise, leading to multiple interpretations and potential legal issues (Endres, 2007). Taxable events include past events, transactions, and other actions that result in tax obligations. For instance, year-end tax payments often originate from taxable events. Identifying taxable events is crucial to the accurate recognition of tax receivables when obligations are not met or when revenues are not recognized. This approach also prevents improper tax refund requests or incorrect journal entries starting the following year. If the taxable event does not meet the recognition criteria, then such receipts should be classified as “Advance Tax Receipts” rather than current tax revenue. The proper application of IPSAS standards ensures clarity in liability and tax revenue recognition while complying with legal and financial reporting frameworks.

Tax revenue recognition in Indonesia has not been associated with taxable events. Taxpayers are granted the right to fulfill their tax obligations under a self-assessment system, through which they can calculate, pay, and report their taxes independently. However, certain tax payments may not constitute formal tax obligations. They include payments for future obligations, such as income tax for subsequent months as stated in Article 25, payments related to tax provisions under objection or appeal, and other payments that are not formally owed. These types of payments often became the audit findings. One challenge highlighted by the DGT is the difficulty in determining the background of tax payments when they are not accompanied by proper tax return reporting. Thus, the DGT should formally clarify the purpose of such payments by sending official correspondence to taxpayers and maintaining proper documentation of responses.

Under accrual-based accounting, if the cash received from taxpayers does not meet the taxable event criteria, then it cannot be recognized as tax revenue in the LO. This approach also impacts the performance evaluation of KPPs. Rather than focusing solely on cash realization, KPPs should align their revenue recognition with accrual-based tax revenue principles. This adjustment reduces errors by taxpayers who may inadvertently pay outside the correct period or maturity.

Under the framework of IPSAS 23, payments related to unapproved tax provisions (e.g., under objection or appeal) do not meet the criteria for taxable events. A taxable event is only recognized when an objection or appeal decision is issued. Consequently, cash receipts from such payments should not be classified as tax revenue in the LKPP, which is prepared on an accrual basis. If tax payments do not meet the definition of a taxable event, then they should be recorded under a separate account of Advance Tax Receipts as outlined in IPSAS 23. Tax payments received before the occurrence of taxable events are recorded under this account as assets and liabilities. They include payments of income tax under Article 25 that are not yet due, payments related to tax provisions under objection or appeal that have not yet become formal obligations, and payments with unclear purposes where the fulfillment of tax obligations cannot be determined.

Indonesia’s current public-sector accounting standards (SAP) apply general principles to tax and non-tax revenues but do not explicitly include provisions for Advance Tax Receipt recognition when taxable events have not occurred. SAP does not fully align with IPSAS 23, although KSAP introduced an exposure draft on revenue from non-exchange transactions in May 2022. According to the interviews with the DGT, tax payments with unclear purposes are classified as suspended data. Evaluation reports and subsequent actions are taken to follow up on these payments and resolve their status. Suspended data must be settled to ensure proper accounting and accurate reporting of state revenues in the financial statements.

In tax administration, sanctions typically require the existence of a legal product, such as a tax decree, to enforce payment obligations. According to Article 12 of Law Number 16 of 2009, the DGT is not required to issue a tax decree for taxes declared in a tax return. Therefore, the state cannot collect taxes without a tax decree, prioritizing the legal/formal aspects over the substance of the tax obligation. By addressing these issues and aligning SAP closely with IPSAS 23, Indonesia can enhance tax revenue recognition accuracy and accountability, reducing potential discrepancies and improving compliance with international accounting standards.

Indonesia's SAP applies the accrual-basis method to all components of the LKPP, except for the LRA. Thus, revenues, assets, and liabilities are recognized when the right to collect income arises, assets are acquired, or an obligation to settle liabilities arises, not at the time cash is received or paid. Tax receivables are presented in the financial statements at NRV. The interviews reveal several reasons for not issuing administrative sanctions for unknown taxpayers, such as those who have moved and cannot be located also have low ability to pay among taxpayers, disproportionate penalties compared with the administrative workload involved, as well as immaterial tax amounts or low tax potential relative to the cost of collection. Issuing administrative sanctions in such cases could lead to uncollectible tax receivables, only increasing the burden of tax administration. However, currently, no tax regulations specify a threshold for the nominal value of administrative sanctions that may not be issued.

The SAP includes considerations of materiality and cost–benefit analysis. However, these principles do not specifically address tax revenue and receivable recognition. To provide greater legal certainty, criteria or nominal limits for administrative sanctions must be established through tax regulations and accounting standards. This approach aligns with the economics of the collection concept, ensuring that the costs incurred are not higher than the potential tax revenues collected.

The allowance value for uncollectible receivables includes the value of confiscated goods/collateral. Tax receivables presented in the balance sheet under current assets should be reduced by an allowance for uncollectible receivables. This allowance accounts for the estimated uncollectible amounts after deducting the value of the confiscated goods/collateral as recommended by BPK. The DGT has implemented the NRV concept and classified tax receivables according to PER-01/PJ/2020.

In 2010, the International Public Sector Accounting Standards Board (IPSASB) reviewed the compatibility of SAP with IPSAS. The review revealed that the shift from cash-based PSAP to an accrual basis, as outlined in Appendix II of PP No. 71 of 2010, exceeded the requirements of cash-based IPSAS in most significant aspects. As IPSAS evolves, Indonesia can adopt new standards such as IPSAS 23, considering local conditions. From the perspective of the BPK, adopting new standards, including IPSAS 23, will improve the accuracy and fairness of tax receivable reporting. This improvement ensures a true and fair financial statement presentation of the government's financial position, strengthening public trust in financial accountability.

Adoption of IPSAS 23 in ASEAN Countries: A Comparative Analysis

We selected ASEAN countries for comparison, considering their geographic and cultural similarities, as well as their shared membership in the ASEAN Federation of Accountants (AFA). The adoption of IPSAS 23, which is focused on accounting for revenue from non-exchange transactions, is particularly relevant as it supports the harmonization of public-sector accounting practices, enhancing the comparability and transparency of financial reports. As a result, it can attract foreign direct investments by providing additional reliable financial information for potential investors (Ali, 2009).

The IPSASB highlights IPSAS as a global benchmark for improving public-sector financial reporting and facilitating international comparisons of government finances (IPSASB, 2011). Several ASEAN countries have adopted IPSAS 23, including Malaysia in 2013 (ACCA, 2017), the Philippines in 2015 (World Bank, 2014; Republic of Philippine Bureau of Treasury, 2018), and Singapore in 2022 (Accounting Standards for Statutory Boards, 2018). The Appendix provides details regarding the adoption processes in these countries, offering insights for Indonesia to learn and adapt (Asqolani & Mulyana, 2022).

Adopting IPSAS 23 into Indonesia's accounting standards can address several recommendations by the BPK. It can significantly improve public-sector financial information quality, aligning with recommendations from global institutions such as the World Bank, to prevent potential audit findings in taxation (Rompotis & Balios, 2023). Incorporating IPSAS 23 can strengthen the financial reporting system, enhance public-sector accountability, and provide a robust framework for attracting international investment in Indonesia.

CONCLUSION

The adoption of IPSAS 23 offers a robust solution to several audit findings related to state revenue management and reporting in the taxation sector. IPSAS 23 emphasizes the importance of identifying taxable events to ensure timely recognition of tax revenues. By aligning tax revenue recognition with taxable obligations, IPSAS 23 can minimize tax refunds and booking errors. To support this finding, an Advance Tax Receipt account should be introduced to record taxes received before the occurrence of taxable events recognized as assets and liabilities (advance receipts).

Consistent application of existing provisions is crucial, particularly regarding the reporting of collateral/confiscated goods. For unregulated transactions, the substance over form principle should guide their treatment. Additionally, related tax rules must be clarified to prevent ambiguity and multiple interpretations, particularly in administrative sanctions. The universal taxation principles (fairness, convenience, and administrative efficiency) should guide these improvements.

To address these issues, the Ministry of Finance could develop an interim accounting policy on revenue recognition while preparing for the adoption of IPSAS 23. The recommendations include the adoption of IPSAS 23 through either plenary (full benchmarking) or partial (partial benchmarking) approaches. This step would help ensure full alignment of government financial statements with the accrual accounting, presenting the state's rights and obligations comprehensively and transparently.

This study is limited by its focus on broader government-level data without delving into smaller agencies such as tax service offices. Future research could employ quantitative methods across ASEAN countries to provide detailed insights into IPSAS 23's application and impact on public-sector financial reporting quality.

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APPENDIX

List of IPSAS 23 Adoption in ASEAN Countries

Country	Adoption
Indonesian	Indonesia does not fully implement IPSAS in applying its Government Accounting Standards (SAP) but adopts it with modifications (Asian Development Bank, 2018; Sukmadilaga et al., 2015). Indonesia's SAP on tax revenues and receivables currently does not fully refer to IPSAS 23.
Malaysia	Malaysia implemented IPSAS 23 in the Malaysian Public Sector Accounting Standard (MPSAS) for government accounting standards for tax receivables 2013. The implementation results can be seen in the National Audit Office Malaysia (NADM) audit report on the Federal Government's Financial Statement for 2016; when IPSAS was implemented, the government's financial statements were prepared properly, and applicable regulations were implemented (ACCA, 2017).
Philippines	The Philippine Public Sector Accounting Standards (PPSAS) adopted IPSAS 23 Revenue from Non-Exchange Transactions in the IPSAS accrual base as the Philippine Government Accounting Standards (PGAS) (Republic of Philippine Bureau of Treasury, 2018; World Bank, 2014). The Philippines implements IPSAS through PGAS. Basic accounting policies and principles are contained in the PPSAS (Castillo, 2014), whose drafting authority is carried out by the Commission on Audit (IFAC, 2022c).
Vietnam	Vietnam has not implemented IPSAS. The World Bank recommended that the Ministry of Finance (MOF) use references to IPSAS and government financial statistics (GFS) standards to overcome issues related to tax revenues that are not adequately reported, especially in policy analysis or reporting (World Bank, 2013). Accounting standards are prepared by the MOF, namely, the Vietnamese Accounting Standards (ACCA, 2017). Vietnam is expected to compile the Vietnam Public Sector Accounting Standards (VPSAS) in the future based on IPSAS and its domestic rules (IFAC, 2020).
Brunei	Government accounting standards have not adopted IPSAS (IFAC, 2022a). Brunei government financial accounting standards are compiled by the Accountant General's Office of the Brunei Darussalam Government.
Cambodia	Cambodia has not implemented IPSAS. The National Audit Authority, a body under the Ministry of Economy and Finance, compiles the Cambodian government's financial accounting standards. Based on the World Bank data in the 2013 Public Financial Management Policy Note, government accounting standards use domestic standards consisting of a combination of accrual and cash basis (IFAC, 2015).
Laos	Laos has not implemented IPSAS. The Ministry of Finance compiles the Lao government's financial accounting standards. Government entities have been using IPSAS cash-based accounting law since 2013. Although IPSAS accrual-basis provisions are contained in the accounting provisions (the Law on Accounting), their implementation has not been carried out (World Bank, 2014).
Singapore	Singapore has implemented IPSAS 23. IPSAS 23 has been adopted in SB-FRS 1001 Accounting and Disclosure for Non-exchange Revenue. These terms will be effective starting January 1, 2022. In these standards, it is regulated, among others, the use of Advance Receipts in recording tax revenues that have not yet occurred (Accounting Standards for Statutory Boards, 2018). The Accounting Standards Council, Accounting Standards for Statutory Board, and Accountant-General of Singapore prepare the Singapore government's financial statements. The accounting standards used are the Statutory Boards Financial Reporting Standards (SB-FRS) and the International Financial Reporting Standards (IFRS)) (IFAC, 2022d). The SB-FRS is accrual-based whose elements are consistent with IPSAS. The SB-FRS is also known as the Singapore Public Sector Accounting Standards) (ACCA, 2017).

Country	Adoption
Thailand	Thailand has not implemented IPSAS. The Thai government's financial statements use the accrual basis in preparing their reports, whereas government agencies use IPSAS in their financial statement preparation (World Bank, 2018). The Comptroller General's Department (CGD) compiles public-sector accounting standards. As of November 2017, the CGD has adopted nine Thai Public Sector Accounting Standards (TPSASs), the same as the nine IPSAS published in 2011. Researchers have not obtained data on what IPSAS standards are adopted in their government accounting standards (ACCA, 2017; IFAC, 2017; Nakmahachalasint & Narktabtee, 2019).
Myanmar	Myanmar's government financial statements are prepared using accounting standards based on a single-entry modified cash-based accounting system. State-owned companies use a double-entry accounting system, namely, the Myanmar Financial Reporting Standards (MFRS) (IFAC, 2022b).


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