



# Accounting News Flash

February 2017

## SAK EMKM – Tier-3 of Financial Reporting under SAK

SAK EMKM (*Entitas Mikro, Kecil dan Menengah*), a simplified version of reporting standards intended to meet the financial reporting requirements of micro, small and medium-sized enterprises, has just been issued. It is the third tier of financial reporting under SAK, in addition to SAK Umum and SAK ETAP, and will be effective from 1 January 2018. SAK EMKM provides a simplified and self-contained set of overarching accounting principles that are likely to be necessary for typical micro, small, and medium entities in Indonesia.

Such simplifications include, but are not limited to, fewer accounting policy choice, much-reduced disclosure requirements, and using only historical cost as the measurement basis for assets, liabilities, income, and expenses.

Micro, small and medium-sized enterprises eligible to apply SAK EMKM are entities without significant public accountability (as defined by SAK ETAP) that meet the definition and criteria (including certain quantitative criteria) of micro, small, and medium enterprises as defined by Law No 20/2008 on Micro, Small and Medium Businesses ("UMKM") for at least 2 consecutive years prior to initial application of SAK EMKM.

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