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Analysis of the Application of Accounting and Income Tax Provisions on Debt Write-Offs in the Homologation of Suspension of Debt Payment Obligations in Accordance with PSAK 109

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Abstract
This study investigates the application of accounting and income tax provisions on debt write-offs in the homologation of Suspension of Debt Payment Obligations (PKPU) in Indonesia, a phenomenon that has intensified since the Covid-19 pandemic. The research aims to analyze the implications of PSAK 109 and tax regulations on debt restructuring, providing practical guidance for companies. Employing a qualitative case study approach, data were collected through in-depth interviews with tax authorities, practitioners, and academics, as well as document analysis. The population includes all stakeholders in PKPU homologation, with purposive sampling focusing on those with direct experience in PSAK 109 implementation. Thematic coding was used for data analysis. The results show that only realized gains from debt reduction (haircut) are recognized as taxable income, while unrealized gains are not immediately taxed. The study concludes that clear regulatory guidelines are needed to minimize disputes and support compliance. The findings highlight the necessity for adaptive policies in post-pandemic debt restructuring.

INTRODUCTION

The Covid-19 pandemic has posed major challenges to the global economy, particularly for companies that rely on debt financing as a source of capital. The surge in default and debt restructuring cases in Indonesia has increased since 2020, as reflected in the rising number of Suspension of Debt Payment (PKPU) petitions filed in commercial courts (Katadata, 2021; Angelina et al., 2023). This phenomenon not only affects business continuity but also has significant implications for corporate financial reporting and tax obligations (World Health Organization, 2021; Kemenkeu, 2021).

Debt restructuring through the PKPU homologation mechanism has become a primary strategy for companies facing severe financial distress. The process involves negotiations between debtors and creditors to reach a new agreement regarding debt repayment, which may include rescheduling, debt reduction (haircut), or other modified terms (Casanova et al., 2018; Iverson, 2021). This practice is increasingly relevant amid the economic crisis, as companies strive to avoid bankruptcy and sustain business operations (Angelina et al., 2023; Amalia et al., 2022).

The growing number of debt restructurings presents challenges in applying accounting and taxation standards, particularly regarding the recognition and measurement of assets and liabilities in accordance with PSAK 109 (Ikatan Akuntan Indonesia, 2024; Bayu, 2023). Changes in debt value resulting from restructuring can directly impact corporate income tax obligations, thus requiring an in-depth understanding of the accounting and tax treatment of such transactions (Aini, 2019; Faisal et al., 2017).

The main issue lies in the differing treatments between debt write-offs and debt restructuring in accounting and taxation contexts. In practice, not all debt reductions are recognized as taxable income, especially when realization has not occurred in the form of cash or reliably measurable assets (Vega et al., 2023; Marbun, 2023). This creates uncertainty for companies in preparing financial statements and fulfilling tax obligations accurately (Setiawan, 2023; Bayu, 2023).

Furthermore, the absence of specific regulations governing the tax treatment of debt restructuring under PKPU homologation increases the risk of differing interpretations between tax authorities and taxpayers (Tambunan, 2023; Marvianti, 2023). Such differences may lead to tax disputes and increase the administrative burden on companies striving to recover from financial pressure (Angelina et al., 2023; Iverson, 2021).

This study aims to analyze the application of accounting standards and income tax provisions concerning debt write-offs during the PKPU homologation process in Indonesia. The urgency of this research lies in the need for clear and practical guidelines for companies to manage the accounting and taxation implications of debt restructuring, thereby improving compliance and minimizing potential tax disputes (Ikatan Akuntan Indonesia, 2024; Angelina et al., 2023). The novelty of this study lies in its in-depth exploration of the differences in accounting and tax treatment of debt restructuring and its recommendations for developing an adaptive policy framework in the post-pandemic era, based on the latest relevant literature and regulations (Bayu, 2023; Vega et al., 2023).

METHODS

Research Type and Method

This study employs a qualitative research approach to provide an in-depth analysis of the application of accounting and income tax provisions on debt write-offs in the homologation of Suspension of Debt Payment Obligations (PKPU) in Indonesia. The qualitative method is chosen to explore complex phenomena and legal-accounting interpretations that cannot be captured through quantitative measures alone. The research design is based on case study analysis, allowing for a comprehensive understanding of the context and processes involved in debt restructuring and its implications for financial reporting and taxation (Creswell & Poth, 2018; Sugiyono, 2022). The selection of this approach is supported by the need to interpret regulatory frameworks and practical experiences from multiple stakeholders, including tax authorities, practitioners, and academics (Ikatan Akuntan Indonesia, 2024; Angelina et al., 2023).

Instruments and Data Analysis Techniques

Data were collected using a combination of in-depth interviews and document analysis. The primary instrument was a semi-structured interview guide, developed to elicit detailed responses from key informants such as tax officials, legal and tax practitioners, and academic experts. In addition, relevant documents, including court decisions, financial statements, and regulatory texts, were reviewed to triangulate findings. Data analysis followed a thematic coding process, where interview transcripts and documents were systematically coded and categorized to identify recurring patterns and themes (Emzir, 2025; Creswell & Creswell, 2022). The analysis was iterative, involving repeated cycles of coding and interpretation to ensure the validity and reliability of findings (Neuman, 2014; Sudaryono, 2018).

Population and Sample

The population of this research comprises all entities and stakeholders involved in PKPU homologation processes in Indonesia, including companies undergoing debt restructuring, tax authorities, and legal practitioners. The sample was selected purposively, focusing on cases and informants with direct experience and expertise in the application of PSAK 109 and relevant tax regulations. This purposive sampling ensures that the data collected are rich, relevant, and capable of providing nuanced insights into the research questions (Sugiyono, 2022; Sudaryono, 2018). The sample included representatives from the Directorate General of Taxes, legal consultants, and academics specializing in accounting and taxation (Bayu, 2023; Marvianti, 2023).

Research Procedures

The research was conducted in several systematic stages. First, a literature review was carried out to map the theoretical and regulatory landscape of debt restructuring, accounting standards, and tax provisions. Next, key informants were identified and contacted for interviews, which were conducted either face-to-face or via online platforms, depending on availability and pandemic-related restrictions. All interviews were recorded and transcribed verbatim. Document analysis was performed concurrently to supplement and validate interview data. Thematic analysis was then applied to synthesize findings and draw conclusions. Throughout the process, ethical considerations such as informed consent and confidentiality were strictly observed (Creswell & Creswell, 2022; Emzir, 2025). The research procedure aligns with established qualitative research standards, ensuring rigor and transparency in every stage (Sugiyono, 2022; Ikatan Akuntan Indonesia, 2024).

RESULTS AND DISCUSSION

The Application of PSAK 109 in PKPU Homologation

The application of PSAK 109 provides guidelines for measuring and reflecting changes in value arising from debt restructuring. These changes also have direct implications for a company's tax obligations. The restructuring process, as recorded in financial statements, may affect the calculation of income tax, given the differences between the recognition of assets and liabilities under PSAK 109 and the prevailing tax regulations.

The impact of homologation on a company's financial statements extends beyond changes in the recording and presentation of financial information; it also encompasses alterations in tax liabilities. Therefore, through a comprehensive understanding of accounting aspects in the context of PKPU homologation, companies can better manage the tax implications, ensure compliance with tax regulations, and plan optimal tax strategies. As previously explained, the content of a settlement agreement (homologation) may vary. From an accounting perspective, PKPU homologation agreements are categorized into two types, namely:

1) PKPU homologation without haircut, such as debt rescheduling with the provision of a grace period or interest moratorium, and contract reconditioning.
2) PKPU homologation with haircut, such as the reduction of principal debt and the reduction or forgiveness of accrued interest, penalties, and other related charges

1. Illustration of PSAK 109 in PKPU without Haircut

PT ABC, a manufacturing company facing significant financial distress, sought to preserve its business continuity by filing for Suspension of Debt Payment Obligations (PKPU). Following negotiation, the creditors and the debtor reached a PKPU homologation agreement without any debt reduction (haircut). The total debt of PT ABC, maturing in 2023, amounted to IDR 10,000,000,000, and under the homologation, repayment of the debt was rescheduled to 2030. In connection with this repayment, an interest rate of 4% was agreed upon. Accordingly, the Suspension of Debt Payment Obligations (PKPU) was extended for seven years, from 2023 to 2030, without any debt reduction (haircut) and subject to the stipulated interest rate of 4%. PT ABC's decision to undergo PKPU through this homologation agreement reflects the company's strategy in addressing the financial challenges it was facing.

Table 1. Illustration of PSAK 109 Implementation in PKPU without Haircut

No.	Description		Amount (IDR)
A	The Application of PSAK 109 to PKPU Homologation Transactions without Haircut		
1	Current Liabilities (Due)		10,000,000,000
2	Current Liabilities Converted into Long-Term Liabilities (7 Years)		10,000,000,000
3	Long-Term Liabilities Discounted to Year-0 at an Interest Rate of 4% per annum (10,000,000,000 / (1 + 4%)^7)		7,599,178,132
4	Unrealized Gain from the Application of Fair Value Accounting under PSAK 109		2,400,821,868
5	Journal Entries:		
	a. Journal Entry for Derecognition of Current Liabilities under PKPU		
	Db. Current Liabilities (Due)	10,000,000,000	
	Cr. Long-Term Liabilities		10,000,000,000
	b. Journal Entry for Measurement of Long-Term Liabilities Based on Present Value		
	Db. Long-Term Liabilities	2,400,821,868	
	Cr. Unrealized Gain		2,400,821,868
6	Fiscal Reconciliation:		
	a. Unrealized Gain under Accounting Treatment		2,400,821,868
	b. Unrealized Gain under Tax Treatment		-
	c. Positive (Negative) Fiscal Correction		- 2,400,821,868

2. Illustration of PSAK 109 in PKPU with Haircut

PT XYZ, a manufacturing company, faced significant financial challenges. In an effort to maintain its business continuity, PT XYZ decided to file for Suspension of Debt Payment Obligations (PKPU). After a series of negotiations, the creditors and the debtor reached a PKPU homologation agreement involving a debt reduction (haircut). The total debt of PT XYZ, maturing in 2023, amounted to IDR 10,000,000,000, and under the homologation agreement, repayment was rescheduled to 2030 at IDR 7,000,000,000, with an interest rate of 4%. Accordingly, the Suspension of Debt Payment Obligations (PKPU) was extended for seven years, from 2023 to 2030, with a haircut of IDR 3,000,000,000 and subject to the agreed interest rate of 4%. The debt reduction (haircut) obtained through the negotiation process provided financial relief to the debtor company, while the established repayment schedule created an adequate timeframe for sustainable financial recovery.

Table 2. Illustration of PSAK 109 Implementation in PKPU with Haircut

No.	Description		Amount (IDR)
B	Application of PSAK 109 to PKPU Homologation Transactions with Haircut		
1	Current Liabilities (Due)		10,000,000,000
2	Debt Cancellation (Haircut)		3,000,000,000
3	Current Liabilities after Haircut		7,000,000,000
4	Current Liabilities Converted into Long-Term Liabilities (7 Years)		7,000,000,000
5	Long-Term Liabilities Discounted to Year-0 at an Interest Rate of 4% per annum (7,000,000,000 / (1 + 4%)^7)		5,319,442,692
6	Unrealized Gain from the Application of Fair Value Accounting under PSAK 109		1,680,575,308
7	Journal Entries:		
	a. Journal Entry for Derecognition of Current Liabilities under PKPU		
	Db. Current Liabilities (Due)	10,000,000,000	
	Cr.Long-Term Liabilities		7,000,000,000
	Cr. Other Income		3,000,000,000
	b.Journal Entry for Measurement of Long-Term Liabilities Based on Present Value		
	Db. Long-Term Liabilities	1,680,575,308	
	Cr. Unrealized Gain		1,680,575,308
8	Fiscal Reconciliation – Other Income:		
	1. Other Income under Accounting Treatment		3,000,000,000
	2. Other Income under Tax Treatment		3,000,000,000
	3. Positive (Negative) Fiscal Correction		-
9	Fiscal Reconciliation – Unrealized Gain:		
	1. Unrealized Gain under Accounting Treatment		1,680,575,308
	2. Unrealized Gain under Tax Treatment		-
	3. Positive (Negative) Fiscal Correction		- 1,680,575,308

Civil Law Analysis of PKPU Homologation in Accordance with PSAK 109

In the context of civil law, debt extinguishment does not automatically imply debt forgiveness. Debt extinguishment occurs in situations where a new debt obligation is created, and the responsibility to repay remains in place. Although restructuring or modification of the debt agreement may take place, the debtor continues to be liable for the repayment of part or all of the obligation in accordance with the new arrangement. Meanwhile, debt forgiveness, as regulated under Articles 1438–1443 of the Indonesian Civil Code, refers to an act in which a creditor explicitly and unequivocally releases the debtor from the obligation to repay. This may occur when the creditor expressly declares the debtor free from repayment obligations.

For tax purposes, any gain derived from debt forgiveness is subject to taxation. This creates a linkage between debt extinguishment and debt forgiveness in the context of taxation, even though their concepts and implications differ in the two legal frameworks. The distinction emphasizes that debt extinguishment does not eliminate the repayment obligation, whereas debt forgiveness permanently releases the debtor from liability. In practice, this difference may have significant implications, particularly in debt restructuring and the resolution of bankruptcy or PKPU cases. Therefore, a clear understanding of the terminology used in debt–creditor relations is crucial in implementing proper legal processes. Accordingly, the civil law analysis of PKPU with and without haircut is as follows:

PKPU without Haircut	PKPU with Haircut
- Only substantial modifications to the contractual terms of debt repayment occur; - There is no partial or complete release of the debtor's repayment obligations; - The extinguishment of the old debt in PKPU is not recognized as income.	- Substantial modifications to the contractual terms of debt repayment occur, accompanied by a reduction in the debt amount; - A portion of the debtor's repayment obligation is released as a result of the haircut; - while the extinguishment of the old debt is not recognized as income, the difference between the original debt and the restructured debt must be recognized as income.

Accounting Analysis of PKPU Homologation in Accordance with PSAK 109

The measurement of liabilities is a crucial aspect within the accounting framework, whereby entities must ensure that their obligations are properly recognized, classified, and measured. The commonly applied approach to liability measurement is amortized cost; however, certain circumstances require the use of fair value. Under PSAK 109, financial liabilities are classified into various categories, with measurement conducted subsequent to initial recognition. One common category is liabilities measured at amortized cost. In this context, the entity measures such liabilities by considering the initial acquisition cost, provisions for potential losses, and income recognized over the holding period. This approach reflects the understanding that the value of liabilities may change over time, primarily due to amortization and market fluctuations. Accordingly, amortized cost serves as the foundational basis of measurement, accurately portraying the present value of such obligations.

There are several circumstances in which financial liabilities are measured at fair value. These include liabilities categorized as fair value through profit or loss, derivatives that function as liabilities, and obligations arising from the transfer of financial assets that do not qualify for derecognition. Measurement at fair value reflects the actual market value of such liabilities. In addition, PSAK 109 addresses specific financial instruments, such as financial guarantee contracts, commitments to provide loans at below-market interest rates, and contingent consideration arising from business combination transactions. Special measurement requirements are applied to accommodate the unique characteristics of these types of liabilities.

Thus, gains or losses from financial liabilities measured at amortized cost and not designated within a hedging relationship are recorded in the income statement at the time such financial liabilities are recognized. This recognition continues throughout the amortization process. In practical terms, liability measurement is not merely an accounting requirement but also a critical element in managerial decision-making and in assessing the financial health of an entity. Decisions regarding debt restructuring, financial risk management, and the evaluation of capital efficiency are greatly influenced by the accurate measurement of liabilities (Bayu, 2023). An example, as illustrated in the case study presented in the general overview, will result in future carrying amounts as reflected in the recorded values shown in the following table:

Table 3. Illustration Discount Amortization Table without Haircut

Year	Cash Interest Paid	Discount Amortization	Effective Interest Expense	Unamortized Discount	Carrying Amount
-	-	-	-	Rp 2,400,821,868	Rp 7,599,178,132
1	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 2,057,847,315	Rp 7,942,125,835
2	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 1,714,872,753	Rp 8,285,100,387
3	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 1,371,898,210	Rp 8,628,074,939
4	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 1,028,923,668	Rp 8,971,049,492
5	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 685,949,105	Rp 9,314,024,045
6	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp 342,974,553	Rp 9,656,998,597
7	Rp 1,266,096,120	Rp 342,974,553	Rp 1,609,070,673	Rp -	Rp 10,000,000,000

Table 4. Illustration Discount Amortization Table with Haircut

Year	Cash Interest Paid	Discount Amortization	Effective Interest Expense	Unamortized Discount	Carrying Amount
-	-	-	-	Rp 1,680,575,308	Rp 5,319,424,692
1	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 1,440,493,121	Rp 5,319,495,692
2	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 1,200,040,934	Rp 5,559,536,626
3	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 960,323,747	Rp 5,799,618,813
4	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 720,246,560	Rp 6,039,701,000
5	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 480,164,374	Rp 6,279,783,187
6	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp 240,082,187	Rp 6,519,865,374
7	Rp 1,000,000,000	Rp 240,082,187	Rp 1,240,082,187	Rp -	Rp 7,000,000,000

In the context of PKPU homologation, the provisions regarding the modification or amendment of credit agreements as well as the derecognition of financial assets are set out in PSAK 109. Modifications or amendments to the contractual cash flows of financial assets may occur during the process of renegotiation or restructuring without resulting in the derecognition of the financial asset in accordance with PSAK 109. In such circumstances, the entity is required to recalculate the gross carrying amount of the financial asset and recognize any gain or loss arising from the modification in the income statement.

The gross carrying amount of a financial asset is recalculated by considering the present value of the renegotiated or modified contractual cash flows, discounted using the original effective interest rate of the financial asset. Costs or fees arising from changes in the carrying amount of a modified financial asset are amortized over the remaining term of the asset. Furthermore, in the context of derecognition, an entity directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the financial asset, either in whole or in part. Such write-offs constitute a derecognition event in accordance with PSAK 109.

The explanation of this provision in accordance with PSAK 109 indicates that the modification of credit agreements, particularly in restructuring, requires entities to adjust credit assets (for creditors) or liabilities (for debtors). Such modifications may result in gains for debtors and losses for banks. The modification approach must take into account the concept of the time value of money, namely the relationship between time and monetary value, to ensure a fair comparison between the value of future Rupiah and present Rupiah. Accordingly, the gain on discount will be recognized as income (unrealized gain), calculated as the difference between the future value and the present value of Rupiah. The implementation of PSAK 109 in PKPU homologation, as illustrated in the case study, reflects a clear accounting obligation concerning significant contractual changes in debt arrangements. The journal entries for debt derecognition record such contractual modifications, while fair value measurement through discounting adheres to relevant and equitable measurement principles. By implementing PSAK 109, companies are able to present financial statements that accurately reflect changes in their debt conditions, thereby providing transparency to stakeholders regarding the impact of PKPU homologation (Bayu, 2023).

Civil Taxation Analysis of PKPU Homologation in Accordance with PSAK 109

Tax regulations concerning homologation are not specifically stipulated in the Income Tax Law and its implementing regulations. Nevertheless, the tax aspects of debt cancellation, debt discounting, and interest income are separately regulated under the Income Tax Law and its derivatives. Article 4 paragraph (1) of the Income Tax Law defines taxable income as any increase in economic capacity received or accrued within a certain period, whether from domestic or foreign sources, intended for consumption or to increase wealth in any name and in any form. This includes gains arising from debt forgiveness, except up to certain thresholds as provided in government regulations as well as interest, including premiums, discounts, and compensation related to debt repayment guarantees.

Thus, in the discussion of income aspects arising from debt cancellation, there is no specific regulation as to whether the entire amount of forgiven debt recorded should be recognized as taxable income or only the portion representing an actual increase in economic capacity subject to tax. Furthermore, the recognition of taxable income from debt forgiveness should, in principle, consider the *ability-to-pay* concept in relation to insolvency, which could provide grounds for tax exemptions on the amount of debt written off. However, the existing tax regulations have not yet addressed this matter. The exemption threshold stipulated in Article 4 paragraph (1) letter (k), as regulated under Government Regulation No. 130 of 2000 concerning Exemptions from Taxable Objects on Gains from Debt Forgiveness for Small Debtors, only provides relief for amounts not exceeding IDR 350,000,000 and is limited to the banking sector or other financing institutions covered by this regulation (Tambunan, 2023).

The next tax aspect concerns the discounting of debt in relation to PKPU homologation. Pursuant to Article 4 paragraph (1) letter (f) of the Income Tax Law, income is defined as an increase in economic capacity received or accrued, including interest, premiums, and discounts. Under Government Regulation No. 94 of 2010 as last amended by Government Regulation No. 55 of 2022 on the Calculation of Taxable Income and the Settlement of Income Tax within the Fiscal Year, it is not stipulated that unrealized gains on debt discounts are recognized as taxable income (Marbun, 2023). Furthermore, with respect to interest income, two taxation treatments apply: one for the banking sector and the other for non-banking sectors. For both, interest income as regulated under Article 4 paragraph (1) letter (f) constitutes taxable income. However, interest income in the non-banking sector is specifically regulated under Article 23 paragraph (1) letter (a) of the Income Tax Law, which provides that interest paid to resident taxpayers or permanent establishments is subject to withholding tax at a rate of 15% of the gross amount, except for interest paid or payable to banks. Special provisions for the banking sector are set forth in Minister of Finance Regulation No. 255/PMK.03/2008 as amended by Minister of Finance Regulation No. 215/PMK.03/2018, which stipulate that the monthly installments of Article 25 Income Tax for banking taxpayers are calculated based on the general rate applied to taxable income derived from annualized quarterly financial statements, less any foreign tax credits under Article 24 for the previous tax period, divided by twelve. The key point in this regulation is that income for the banking sector is taxed under the general rate mechanism of Article 17 of the Income Tax Law, meaning that no withholding tax is imposed on interest income received by banking taxpayers. Accordingly, further analysis is required concerning the tax implications arising from the practice of PKPU homologation.

The recognition of liabilities or debts is not specifically stipulated in Indonesian tax regulations. Pursuant to Article 10 of the Income Tax Law, the recognition of liabilities for tax purposes is based on the cost principle (Marbun, 2023). The Income Tax Law adopts the realization principle or *realization doctrine*. This approach is influenced by the principle of legal certainty, as reflected in Article 4 paragraph (1) of the Income Tax Law through the phrase "...received or accrued...". In the meantime, the derecognition of liabilities in the context of taxation is highly dependent on the prevailing tax provisions, which adhere to the principles of tax administrative law and are grounded in the principle of legality. In accordance with Article 5 of Law No. 30 of 2014 on Government Administration, the derecognition of financial assets from a tax perspective refers to the law of agreement as regulated under Article 1320 of the Indonesian Civil Code. In practice, the tax aspect places greater emphasis on compliance with legal formalities, thereby requiring careful attention to the differences that may arise in accounting treatment, particularly in transactions such as the cancellation or forgiveness of debts or liabilities (Marvianti, 2023).

The tax analysis of PKPU is divided into two categories, namely without haircut and with haircut. The application of tax provisions to PKPU without haircut must take into account the principles of legal certainty and fairness. In this context, PKPU without haircut indicates that there is no significant reduction of debt, and the company's obligations remain largely intact. From a tax perspective, debt cancellation without haircut should be understood as a substantial modification of the debt contract that does not involve a material reduction of the debt amount. In terms of terminology, the principle applied is *substance over form*. This principle may be illustrated through the concept of debt forgiveness, in which debt cancellation is recognized as income for the party receiving the forgiveness and as an expense for the party granting it. Under PSAK 109, debt cancellation refers to the derecognition of the old liability and the creation of a new one, thereby implying that, in substance, no gain from debt forgiveness arises for the debtor (Setiawan, 2023).

In the context of debt restructuring evaluation, it is essential to comprehensively consider the new debt contract. For instance, in reviewing financial statements, attention must be given to aspects such as interest previously paid in prior years that is subsequently restructured in the current year. Such restructuring may involve converting interest obligations into principal debt. Debt restructuring that entails the cancellation of certain obligations and the emergence of new ones is also relevant. In this regard, the substantive assessment of the restructuring agreement becomes crucial. It must be carefully examined whether the debt cancellation indeed involves a different liability and whether the newly created debt genuinely constitutes a distinct obligation (Marbun, 2023). Furthermore, in substantiating claims before the tax authorities, the validity of treating the two obligations as separate entities must be rigorously tested. This requires further inquiry into the substance of the transaction and verification that the extinguished debt is not identical to the newly recognized liability. Supporting documents, such as the restructuring agreement, must also be examined to reinforce this substantive analysis (Marbun, 2023).

The concept of *substance over form* serves as a fiscal foundation in interpreting the terminology and substance of financial transactions, particularly with respect to debt cancellation. Terminologically, debt forgiveness is treated as income for the party receiving the cancellation, while on the other hand, it is regarded as an expense for the party granting the relief. Moreover, PKPU homologation, once legally ratified, carries binding legal force. Such ratification provides a legal basis for the implementation of a settlement between debtor and creditor. With this legal endorsement, the debtor is enabled to repay part of its debt, while the remaining balance may be deemed settled or forgiven. The existence of this legal foundation is crucial to ensuring legal certainty and fairness in the execution of debt restructuring, as well as fostering reconciliation between debtor and creditor (Marvianti, 2023). Accordingly, the tax treatment of PKPU Homologation in accordance with PSAK 109 is as follows:

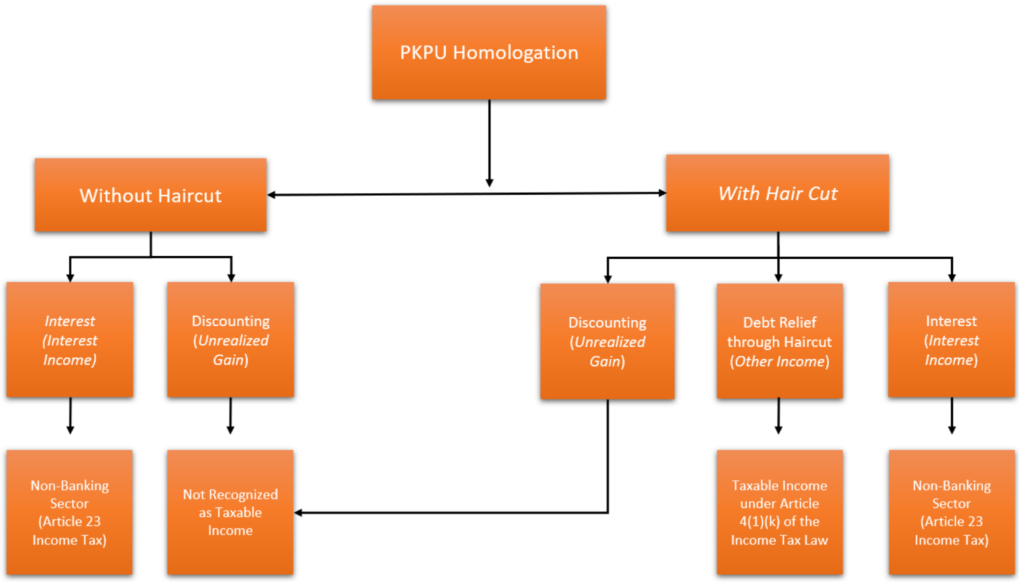

Diagram of Taxation Scheme for PKPU Homologation

Source: Processed by the author

In the case of PKPU with a haircut, the debt reduction must be recorded as a realized gain in the accounting journal as a consequence of PKPU homologation. Such recognition reflects a substantial decrease in the debt value. Under the implementation of PSAK 109, the replacement of the old debt with a new one is recorded as a derecognition of the liability. However, a difference arises due to the haircut or the reduction in the value of the new liability. Accordingly, in substance, PKPU homologation with a haircut results in debt forgiveness for tax purposes and is applied conservatively in accounting records, where the debt cancellation is recognized as income for the debtor and as an expense for the creditor to the extent that an economic benefit or value difference is substantiated(Setiawan, 2023). This treatment is also consistent with the realization concept, whereby gains become taxable income once they have been realized in cash or in assets that can be reliably measured.

The calculation of discounts is measured solely on the basis of the new debt value agreed upon in the PKPU homologation. In the accounting journal, long-term debt discounting is recorded using present value; any unrealized gain is recognized as an item not yet realized in the form of cash or measurable assets. Accordingly, the recognition of unrealized gains in tax reporting is not treated as taxable income, or it is adjusted as a negative tax correction (Bayu, 2023).

Unrealized gains will only be recognized as taxable income once realization occurs, namely when such gains are actually realized in the form of cash or measurable assets. Therefore, if the unrealized gain remains merely a present value figure in the long-term debt discounting journal, the realization concept has not been satisfied, and the tax recognition of such gains is deferred until realization takes place (Bayu, 2023). Whereas, Government Regulation No. 94 of 2010 as last amended by Government Regulation No. 55 of 2022 on the Calculation of Taxable Income and the Settlement of Income Tax within the Fiscal Year does not specifically stipulate that unrealized gains from long-term debt discounting constitute taxable income. Consequently, the taxable income under prevailing tax law is the realized gain arising from the haircut, amounting to IDR 3,000,000,000, which must be reported in the Annual Tax Return (Marbun, 2023).

CONCLUSION

The main findings of this study highlight the complex interplay between accounting standards and income tax regulations in the context of debt write-offs during PKPU homologation in Indonesia. The research demonstrates that the application of PSAK 109 requires companies to carefully recognize and measure changes in liabilities, which directly affect their tax obligations. The distinction between debt extinguishment and debt forgiveness is crucial, as only realized gains from debt reduction (haircut) are recognized as taxable income, while unrealized gains are not immediately subject to taxation. The absence of specific tax regulations for debt restructuring under PKPU homologation increases the risk of differing interpretations between tax authorities and taxpayers, potentially leading to disputes and administrative burdens. This study also finds that a comprehensive understanding of both accounting and tax perspectives is essential for companies to ensure compliance and optimize their financial strategies in the post-pandemic era.

However, the research is limited by its qualitative approach and the purposive sampling of informants, which may not fully capture the diversity of experiences across all sectors involved in PKPU homologation. The reliance on interviews and document analysis, while providing depth, may also introduce subjectivity in interpreting regulatory frameworks and practical applications. Future research should consider employing mixed methods or quantitative approaches to validate and generalize the findings across a broader population. Practically, the study suggests that policymakers and regulators need to develop clearer and more adaptive guidelines for the accounting and tax treatment of debt restructuring, particularly in crisis situations. Companies are encouraged to maintain thorough documentation and seek expert consultation to navigate the evolving regulatory landscape and minimize potential tax risks.

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