

EVALUATION OF REVENUE ACCOUNTING IMPLEMENTATION ACCORDING TO GOVERNMENT REGULATION NO. 71 OF 2010 IN REGIONAL REVENUE SERVICES OF EAST JAVA PROVINCE

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ABSTRACT

This study was conducted to evaluate the application of revenue accounting in accordance with Government Regulation No. 71 Year 2010 on Government Accounting Standards on accrual basis in Regional Revenue Offices of East Java Province. The application of Government Accounting Standards on accrual basis have to be fully applied by the start of the year 2015. There is still many local government agencies that hasn't fully applied government accounting standards on accrual basis, the reasons for local government agency that hasn't fully applied government accounting standards is the lack of human resources that understand the government accounting standards on accrual basis in Government Offices, the accounting application systems that inadequate resulting in financial reporting took a long time. In This study, the writer has conducted interviews in Sub-Division of Finance, responsible to made the financial statements in Regional Revenue Offices of East Java Province. The Interviews conducted were about the application of Government Accounting Standards on accrual basis, revenue accounting policies. The results showed that Regional Revenue Offices of East Java Province has applied the Revenue Income appropriate with The Government Regulation No. 71 Year 2010 on Government Accounting Standards on accrual basis.

Keywords: Revenue Accounting; Government Accounting Standards; Accrual Basis

INTRODUCTION

Government Accounting Standards (SAP/Standar Akuntansi Pemerintahan) are the accounting principles that are applied in compiling and implementing SAP financial reports to be used as a reference in making financial reports for the central government and local governments. The government stipulated Government Regulation Number 24 of 2005 ([Peraturan Pemerintah \(PP\) Standar Akuntansi Pemerintahan, 2005](#)) concerning cash-based Government Accounting Standards (SAP) to realize transparent and accountable Regional Government financial management, but this standard was replaced by a new standard in 2010 namely Government Regulation Number 71 of 2010 ([Peraturan Pemerintah \(PP\) Tentang Standar Akuntansi Pemerintahan, 2010](#)) regarding Government Accounting Standards (SAP) accrual basis. Government Regulation Number 71 of 2010 explains specifically the concepts and procedures for managing government finances that are relevant, transparent and accountable. Government Regulation Number 71 of 2010 provides a government financial report format that serves as a guide in preparing government financial reports. Implementation of Government Regulation Number 71 of 2010 in government financial management can help entities to obtain transparent information regarding the accountability of state financial management ([Firdaus et al., 2015](#)). Transparent and accountable financial reporting information.

The results of previous research have concluded that there are still many Regional Work Units that have not properly implemented Government Regulation Number 71 of 2010. Then, how is the application of Revenue Accounting at the Regional Revenue Service of East Java Province Government Regulation Number 71 of 2010.

Government Accounting Standards

Government Regulation of the Republic of Indonesia Number 71 of 2010 Article 1 paragraph (3) concerning Accrual-Based Government Accounting Standards, government accounting standards hereinafter abbreviated as SAP, are accounting principles that are applied in preparing and presenting government financial reports. Thus SAP is a requirement and basis

that has legal force in an effort to improve the quality of government financial reporting in Indonesia (Halim & Kusufi, 2007).

Accrual Based Government Accounting Standards

Government Regulation of the Republic of Indonesia Number 71 of 2010 article 1 paragraph (8) states that accrual-based government accounting standards are government accounting standards that recognize income, expenses, assets, debt, and equity in accrual-based financial reporting, and recognize income, expenditure, and financing in reporting on budget implementation based on the basis applied in the APBN/APBD. The accrual basis for the balance sheet means that assets, liabilities and fund equity are recognized and recorded when a transaction occurs, or when environmental events or conditions affect the government's finances, regardless of when cash or cash equivalent is received or paid (Rintiani, 2014). Accrual-based SAP is applied in the government environment, namely the central government, regional government and organizational units in the central / regional government environment, according to laws and regulations the said organizational unit is required to present the financial statements of the Accrual-Based SAP stated in the form of a Statement of Government Accounting Standards (PSAP) and complemented by the Government Accounting Conceptual Framework (Petric, 2002).

Regional Income

According to Law Number 32 of 2004 (Undang-Undang (UU) Tentang Pemerintahan Daerah, 2004) concerning Regional Government, regional income is all regional rights that are recognized as an addition to the value of net worth within a certain budget period, regional income comes from receipts from central and regional balancing funds, also those originating from the region itself, namely income original area and other legal income. Based on PP 71 of 2010 concerning Government Accounting Standards, income is classified as; Local Own Revenue, Transfer Income, Other Legal Income (Niu et al., 2014).

Revenue Accounting Policy

The revenue accounting policy has the objective of regulating accounting treatment in order to compile a Budget Realization Report which includes LRA Income items, as well as Operational Reports which include LO income items.

LRA Revenue Accounting Policy

Definition: LRA revenues are all receipts from the Regional General Cash Account which add to the Extra Budget Balance in the relevant fiscal year period which become the right of the East Java Provincial Government, and do not need to be repaid by the East Java Provincial Government.

Recognition: LRA income on a cash basis is recognized in the current fiscal year when the cash has entered the Regional General Treasury account. At the end of the reporting period, if there is income collected by/paid to the Receiving Treasurer/Associate Receiving Treasurer but has not been deposited to the Regional General Treasury it is not recognized as LRA Income.

Measurement: Measurement of LRA Revenue uses the rupiah currency based on the nominal value of cash that enters the regional treasury which has clearly become the right of the East Java Provincial Government from sources of income. Cash receipts that are not the income rights of the East Java Provincial Government are not recorded as LRA Income but are Unearned Income or Payables to Third Parties and are reported in the balance sheet.

Presentation and Disclosure: LRA revenues are presented in the Budget Realization Report in accordance with Permendagri 13 of 2005 concerning Guidelines for Regional Financial Management (Abdullah & Asmara, 2006).

Recording

Table 1
Recording of Regional Tax Revenue - LRA

No	Date	Ref	Prog	Act	Account Code	Account Name	Debit	Credit
						SAL Changes	xxx	
						Local Tax-LRA		xxx

LRA Journal: Recording Regional wealth income

Source: Governor Regulation No.97 of 2014

LO Revenue Accounting Policy

Definition: LO revenue is the right of the East Java Provincial government which is recognized as an addition to equity in the relevant fiscal year period.

Recognition: LO revenue is recognized when: the right to revenue arises; This criterion is also known as *earned*, realized income, that is, there is an inflow of economic resources, whether payments have been received in cash (realized) or are still in the form of receivables (*realizable*).

Measurement: All LO-Revenue is recorded using the gross principle, meaning that revenue is recognized in the amount of the East Java provincial government's rights before being compensated for with expenses on the acquisition of this income. However, in the event that the amount of deduction from the gross LRA income (costs) is variable in relation to the intended income and cannot be budgeted in advance because the process has not been completed, then the gross principle can be excluded.

Presentation and Disclosure: LO's income is classified according to the source of income, namely based on the origin and type of income, namely local original income, transfer income, and other legal income. Each income is classified according to the type of income.

Recording

Table 2
Recording of Local Tax Revenue - LO

No	Date	Ref	Prog	Act	Account Code	Account Name	Debit	Credit
						Cash in the Treasury of Admissions	xxx	
						Regional Tax-LO		xxx

LRA Journal: Recording Regional wealth income

Source: Governor Regulation No.97 of 2014

RESEARCH METHOD

The method used in this qualitative research is a case study. Case study is one of many types of qualitative research, where the researcher explores in depth with one or many people. A case is bound by time and activity and researchers collect data in detail using various data collection procedures and in a continuous time (Sugiyono, 2013, p. 14). Case studies are more suitable for use when a research question relates to "how" or "why". The data that has been obtained will then be compared with PP 71 of 2010 regarding SAP Accrual Basis. Therefore, qualitative research methods are considered appropriate in explaining the financial reporting of the East Java Provincial Revenue Service through experiments or data tests that are descriptive in nature based on conditions in the field.

RESULT AND DISCUSSION

Government Accounting Standards

The standard used in carrying out accounting activities at the Regional Revenue Service of East Java Province adheres to Government Regulation Number 71 of 2010 is Accrual-Based Government Accounting Standards. Government Regulation Number 71 of 2010 itself must be fully implemented starting from the 2015 fiscal year (Ningtyas et al., 2015). Prior to fully

implementing Accrual-Based Government Accounting Standards, the East Java Province Revenue Service still applied *Cash Toward Accrual Standards* referring to Government Regulation No. 24 of 2005.

The full use of accruals itself refers to Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards, Minister of Home Affairs Regulation Number 64 of 2013 ([Peraturan Kementerian Dalam Negeri \(Permendagri\) Tentang Penerapan Standar Akuntansi Pemerintahan Berbasis Akrual Pada Pemerintah Daerah, 2013](#)) concerning Application of Accrual-Based Government Accounting Standards in Regional Governments, Governor Regulation Number 93 of 2014 ([Peraturan Gubernur Jawa Timur Tentang Kebijakan Akuntansi Pemerintah Jawa Timur, 2014](#)) concerning Provincial Government Accounting Systems East Java, and Governor Regulation Number 97 of 2014 concerning Accounting Policies for the Government of East Java Province.

Based on interview results, the East Java Province Revenue Service has implemented Government Accounting Standards in accordance with Government Regulation Number 71 of 2010. Thus the East Java Province Revenue Service has implemented accrual-based accounting since 2015. Even though the East Java Province Revenue Service experienced various obstacles in implementation in first year ([Langelo et al., 2015](#)).

Accounting Base

Table 3
Accounting Base

Accounting Base	Financial Statements
Accrual	- Operational Report (LO)
	- Statement of Changes in Equity (LPE)
	- Balance sheet
Cash	- Budget Realization Report (LRA)
	- SAL Change Report (LPSAL)
	- Statement of Cash Flows (LAK)

The Revenue Service of East Java Province as an accounting entity starting from the 2015 fiscal year applies Accrual-Based Government Accounting Standards so that the recognition of income, expenditure and financing is cash-based, as well as recognizing assets, debt and fund equity based on accruals based on Government Regulation Number 71 of 2010 Accounting Standards Government, Regulation of the Minister of Home Affairs Number 64 of 2013 concerning Application of Accrual-Based Government Accounting Standards to Regional Governments, East Java Governor Regulation Number 93 of 2014 concerning Accounting Policies for the Regional Government of East Java Province, and East Java Governor Regulation Number 97 of 2014 concerning Accounting Systems Regional Government of East Java Province ([Mohamad et al., 2014](#)).

Thus the East Java Provincial Revenue Service has implemented accrual-based accounting in accordance with Government Regulation Number 71 of 2010. Even though in the early years the implementation of the East Java Provincial Revenue Service experienced problems.

Income Accounting Policy-LRA

1) Income-LRA

LRA-Revenue is all receipts from the East Java Province Revenue Service account at Bank Jatim in one relevant budget period, in this case the Type of LRA-Revenue is Local Own Revenue consisting of Regional Taxes, Regional Retribution, Motorized Vehicle Title Transfer Fees, Other other Legitimate Regional Original Revenue. Therefore, it can be said that for the implementation of revenues the East Java Province Revenue Service has used a cash basis for the Budget Realization Report, and revenue is recognized on an accrual basis for Operational Reports.

2) Recognition

Revenue Recognition-LRA at the Revenue Service of East Java Province uses Cash basis recognition, so that Revenue-LRA is only recognized in one current budget period when cash enters the Regional Cash Incoming Account at the end of reporting. Thus the recognition of income is recognized by the issuance of a Deposit Receipt by the Receiving Treasurer. Certificate of Deposit at the end of the period will be journalized with income. This is in accordance with Government Regulation Number 71 of 2010.

3) Measurement

Measurement of LRA Revenue uses the rupiah currency based on the nominal value of cash that enters the Regional Treasury which has clearly become the right of the East Java Province Revenue Service from sources of income. Thus the measurement of Income-LRA is in accordance with Government Regulation Number 71 of 2010 Revenue Service of East Java Province which is written according to the Cash Nominal stated on the Deposit Certificate.

4) Recording

Table 4
Income Accounting Policy-LRA

Cash Toward Accrual	Debit	Credit
BUD Cash	9.049.048.000,00	
Local tax		9.049.048.000,00
PP 71 of 2010	Debit	Credit
SAL changes	xxx	
Local tax		xxx
Accrual	Debit	Credit
SAL changes	7.227.436.808,00	
Local tax		7.227.436.808,00

Based on the interview above, the East Java Provincial Revenue Service when recording on a cash basis to accruals at the East Java Regional Revenue Service records BUD cash.

In accordance with Government Regulation Number 71 of 2010, the East Java Province Revenue Service has changed the registration of Regional taxes by debiting Changes in SAL on Regional Taxes. This means that the registration of local taxes is in accordance with Government Regulation Number 71 of 2010.

Revenue Accounting Policy-LO

1) Definisi

Revenue-LO is the recognized right of the Regional Revenue Service of East Java Province as an addition to equity in the fiscal year period, LO-Revenue in accordance with PP 71 in the East Java Province Revenue Service uses an accrual basis, so that the East Java Provincial Revenue Service does not need to wait for cash to come in to recognize revenue. The LO-Revenue Classification at the East Java Province Revenue Service includes Regional Tax Revenue, Regional Retribution, and Other Legally Original Regional Revenues.

Based on the results of the interview, the definition is in accordance with Government Regulation Number 71 of 2010 where the East Java Provincial Revenue Service is required to use self-assessment, official assessment.

2) Measurement

All LO-income is recorded using the gross principle, meaning that revenue is recognized in the amount of the Revenue Service's right before being compensated with expenses for obtaining the income.

Thus the measurement of LO-income is in accordance with Government Regulation Number 71 of 2010 Revenue Service of East Java Province which is written in accordance with the Cash Nominal stated on the Tax Assessment Letter.

3) Presentation and Disclosure

LO-income is classified according to the source of income, namely based on the origin and type of income, namely regional original income, regional retribution revenue, and other legal income. Each income is classified according to the type of income.

The presentation made by the East Java Province Revenue Service has divided Revenue according to the classification of sources, namely Taxes, Levies, Other Income. This is in accordance with Government Regulation Number 71 of 2010 which requires the division of income according to the classification of sources.

4) Recording

Transaction Journal Entries The Operations Report issued by the Regional Revenue Service of East Java Province is accrual-based, so that the Regional Revenue Service of East Java Province must recognize Revenue regardless of whether there is a payment in cash or not.

Prior to the Accrual Basis, the East Java Province Revenue Service had not been required to compile an Operational Report so that the East Java Province Revenue Service had not journalized the Operational Report.

Table 5
Recording of Regional Tax Revenue – LO

Cash Toward Accruals	Debit	Credit
Not journaling		
PP 71 of 2010	Debit	Credit
Cash in the Treasury of Admissions		
Regional Tax-LO		xxx
Accruals	Debit	Credit
Cash in the Treasury of Admissions		
Motor Vehicle Tax-LO		7,227,436,808.00

Source: Processed by the Author

Based on the results of the interview, on cash to accruals, the East Java Regional Penal Fund did not record transactions in the Operations Report.

However, in accordance with Government Regulation Number 71 of 2010, the East Java Province Revenue Service records changes in the SAL on Regional Tax Revenue.

CONCLUSION

Based on the results of the analysis, interviews, and discussion of the research described in chapter 4, a conclusion can be drawn that the Regional Revenue Service of East Java Province has implemented Accrual-Based Income Accounting in accordance with the Accrual-Based Government Accounting Standards contained in Government Regulation Number 71 of 2010. The accounting standards and basis used in compiling the financial reports of the Regional Revenue Service of East Java Province have started implementing Accrual-Based Government Accounting Standards since 2015.

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