

ABSTRACT

The Implementation of PSAK 115 on Revenue from Contracts with Customers, a full adoption of IFRS 15 that became effective in Indonesia on January 1, 2020, brought a fundamental shift in revenue recognition, particularly for property and real estate companies. This shift has the potential to affect the earnings quality reported by firms. This study aims to examine the effect of PSAK 115 implementation on earnings quality and to test whether earnings quality differs before and after its implementation, in property and real estate companies listed on the Indonesia Stock Exchange (IDX). A quantitative approach was employed, using 42 property and real estate companies listed on the IDX over the 2019-2025 period, yielding 294 balanced panel observations analyzed through panel data regression and an Independent Sample t-Test. Earnings quality was proxied by discretionary accruals calculated using the Modified Jones Model, where lower discretionary accruals indicate higher earnings quality. PSAK 115 implementation was measured with a dummy variable, with firm size included as a control variable. Results from the Random Effect Model show that PSAK 115 implementation has a negative and significant effect on discretionary accruals, indicating a positive effect on earnings quality. The difference test further shows a significant difference in earnings quality between the periods before and after PSAK 115 implementation. These findings suggest that PSAK 115 narrows managerial discretion in revenue recognition, thereby contributing to improved earnings quality among property and real estate companies.

Keywords: PSAK 115, earnings quality, discretionary accruals, Modified Jones Model, property and real estate sector.