ICEBEF 2026

PAPER ID 138

BEYOND DISCLOSURE PRESENCE

Income Tax Disclosure Quality in Indonesian, Malaysian, and Singaporean Banks

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IAS 12 / PSAK 212 | Qualitative | Disclosure Quality

BACKGROUND

Why disclosure presence is not enough

The same reporting basis can still produce disclosures with different explanatory depth.

INDONESIA	MALAYSIA	SINGAPORE
IAS 12-based	IAS 12-based	IAS 12-based
PSAK 212	**MFRS 112**	**SFRS(I) 1-12**

What prior research tells us

Implementation studies

Sinaga & Tikasari (2025), Isnayani (2023), and Wigiyanti et al. (2026) mainly assess recognition, measurement, presentation, and compliance.

Disclosure-index studies

Mgammal (2020), Wardoyo & Sari (2023), and Sari et al. (2023) measure disclosure coverage, often emphasising presence/absence or aggregate scores.

This paper

This study evaluates explanatory quality: completeness, clarity, disaggregation, recognition status, and traceability.

Research gap **A disclosure can be present without being equally informative to financial-statement users.**

Further quality and disclosure context: Kvaal & Nobes (2013) and Leuz & Wysocki (2016).

RESEARCH QUESTION

One focused question

How fully and clearly do the sampled banks disclose selected income-tax information based on an IAS 12-derived disclosure framework?

Contribution

1

Go beyond presence

Use a 0–2 ordinal rubric to distinguish no evidence, limited/implicit evidence, and more complete/clear evidence.

2

Keep qualitative reading

Interpret the passages behind the scores rather than treating points as equivalent units of quality.

3

Use theory as a lens

Adequate, fair, and full disclosure help interpret explanatory depth — they are not scoring categories.

Conceptual lens: Hendriksen & Van Breda (1992).

METHOD

Qualitative content analysis with descriptive ordinal scoring

Scoring structures the evidence; qualitative reading explains what each score means.

13	**banks / banking groups**
26	**company-year reports**
20	**IAS 12-based indicators**
0–2	**ordinal score per item**

1. **Documents** — Annual reports and audited financial statements, 2024–2025
2. **Coding** — Identify evidence for 20 selected disclosure indicators
3. **Scoring** — 0 = not identified · 1 = limited/implicit · 2 = complete/clear
4. **Qualitative review** — Return to underlying passages to assess explanatory depth

Sample

Indonesia: BMRI, BBRI, BBCA, BBNI, BBTN
Malaysia: Maybank, CIMB, Public Bank, RHB, HLB
Singapore: DBS, OCBC, UOB

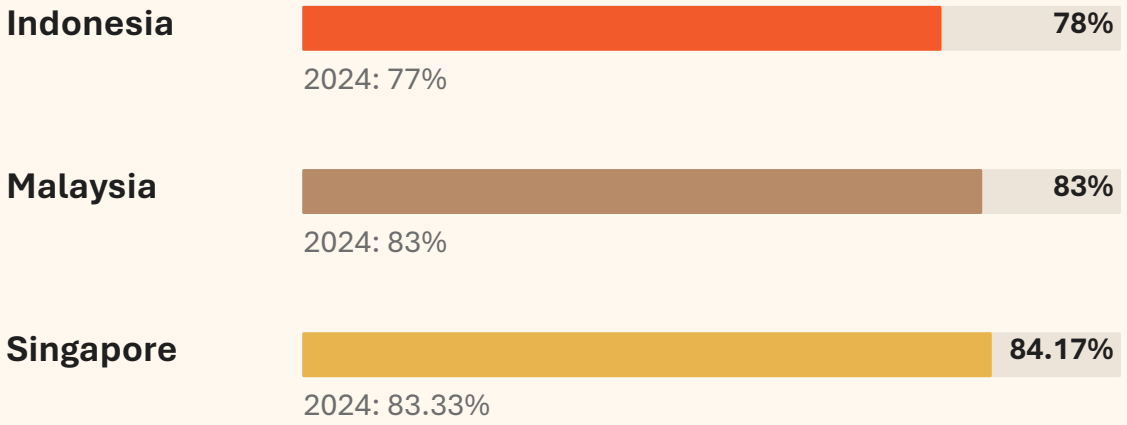
Important limitation

No N/A category. Therefore, 0 ≠ automatic non-compliance.

Instrument: selected/adapted with reference to IAS 12 and Mgammal (2020).

Overall disclosure profile

Country figures are descriptive summaries of the research instrument — not national compliance rankings.



Bank-level range

75.00% → 87.50%

RHB records the highest individual score (87.50%) in both years.

Strong baseline

Current tax and presentation score 100% across all three country samples in both years.

Most uneven area

Deferred tax is the main source of variation — and it represents 9 of the 20 indicators.

Why totals are not enough

Similar totals can hide different levels of disaggregation, recognition explanation, explicitness, and traceability.

Key message **A high score does not automatically mean every disclosure is equally informative.**

Source: authors' scoring of 26 company-year reports using the 20-item instrument.

From presence to explanatory quality

Four recurring qualities determine whether tax information is merely available or genuinely easy to understand.

1 · Disaggregation

BMRI separates bank vs subsidiary current tax. DBS reports gross and net deferred tax liabilities. Separation helps users identify what makes up the reported amount.

2 · Recognition status

Public Bank and RHB distinguish recognised from unrecognised tax benefits and explain why some benefits are not recognised.

3 · Explicitness

Public Bank states its effective tax rate explicitly. In BBTN, the rate can be calculated but is not directly labelled.

4 · Traceability

BBNI links tax losses to the related deferred tax asset. Other cases require cross-note reconstruction.

Disclosure theory lens

ADEQUATE
basic information available

FAIRER
less interpretive burden

FULLER
relevant information connected

Important

These are interpretive concepts — not score categories and not country labels.

Theory: Hendriksen & Van Breda (1992). Examples drawn from the sampled annual reports discussed in the paper.

CONCLUSION

What this paper shows

The central contribution is conceptual and practical: presence and quality are not the same thing.

Three takeaways

1

Strong basic disclosure

The sampled banks generally provide a solid baseline of current-tax, reconciliation, rate, and presentation information.

2

Quality varies in the details

Selected deferred-tax items, unrecognised benefits, effective tax rates, and traceability are less uniform.

3

Read the evidence behind the score

Qualitative reading is necessary to understand whether information is explicit, disaggregated, and connected to recognition decisions.

Implication for Indonesia

The issue is not a lack of PSAK 212 rules.

The practical focus should be clearer implementation of existing requirements:

- Disaggregate
- State recognition
- Trace across notes

Limitation Fixed denominator + conditional items + researcher judgement mean the scores are not comprehensive IAS 12 compliance ratings.

Bottom line **The goal is not more tax disclosure — it is more understandable tax disclosure.**

THANK YOU

Questions and discussion are welcome.

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Beyond Disclosure Presence

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