

ABSTRACT

The purpose of this research are : 1) to know the implementation of the recognition method for long term contract at PT Sinar Cakra Abadi; 2) to know revenue the accuracy recognition and the burden on the projects which have been done then compare them with the theoretical aspect as the foundation; 3) to analyze the comparison of revenue recognition and costing based on the taxation law concerning income tax and value added tax for construction services and accordance with PSAK No. 34 Concerning Accounting for Construction Services.

The data analysis technique is using descriptive which is qualitative. Based on the analyze result and discussion can be concluded that: 1) company's revenue recognification from the long term contract based on the physical progress is presented in project achievement report which is created by the Site manager (SM) along with the field supervisors; 2) there is significant difference in revenue recognition and profit in 2016 between the physical progress approach and the completion percentage method (cot-to-cost). The physical approach method recognizes that the revenue and profit is higher by Rp. 3.244.487.570,- comparing with the cost-to-cost, therefore the revenue and profit presented in the financial report become over statement and inappropriate with the conservatism principle in the presentation of financial statement and presentation; 3) there is a significant difference in recognizing taxes in 2016 between the physical approach (physical progress) and the percentage-to-cost method. The physical approach method recognizes Value Added Tax (VAT) greater than the cost-to-cost method of Rp. 324.448.757,- and article 4 paragraph 2 of income tax (PPh) of Rp.

64.889.751,-. Instead of the cost-to-cost method, the can tax generated by the company is greater using the physical approach method; 4) the cost-to-cost method gives a more reasonable description of revenue when compared to the physical approach; 5) the percentage cost-to-cost method provides tax saving in recognizing value added tax and income tax when compared to physical approach.

Kyewords: revenue recognition, physical progress approach, cost to cost approach and tax