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Green Revenue or Environmental Burden? An Analysis of the Accounting Treatment of Carbon Credits in Forestry Companies in Indonesia

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Abstract: This study aims to analyze the accounting treatment of carbon credits in forestry companies in Indonesia, particularly the conceptual debate over whether carbon credits should be recognized as green revenue or as an environmental burden in the financial statements. The growth of Indonesia's carbon market through IDXCarbon and the issuance of recent regulations such as Ministry of Forestry Regulation No. 6 of 2026 have heightened the urgency of establishing clear accounting standards for forestry companies. This study employs a qualitative method with a conceptual study approach and document content analysis, drawing on carbon tax regulations, accounting standards (PSAK), the financial statements of forestry companies listed on the IDX, and international literature on carbon accounting. The analysis was conducted using the theoretical frameworks of environmental accounting and legitimacy theory. The results show that carbon credits in forestry companies can serve as green revenue when a company is in an emission-surplus position (generating tradable Greenhouse Gas Emission Reduction Certificates / SPE-GRK), but conversely become an environmental burden when a company is in an emission-deficit position and is obliged to purchase carbon credits. The study also identifies a significant regulatory gap: as of 2026, Indonesia does not yet have a specific PSAK on carbon accounting, so companies rely on varied interpretations of PSAK 19, PSAK 57, PSAK 72, and PSAK 68. The study recommends the issuance of a dedicated PSAK or ISAK on carbon accounting, harmonization with IFRS S2 and the IASB Carbon Markets project, and a mandatory requirement for full disclosure of carbon credits in the financial statements of Indonesian forestry companies.

Keywords: Carbon Accounting; Carbon Credits; Forestry Companies; Green Revenue; IDXCarbon; PSAK; Indonesia Carbon Market.

INTRODUCTION

Indonesia is one of the countries with the largest tropical forest cover in the world, which places the forestry sector in a strategic position within the global climate-change mitigation agenda. Indonesian forests not only serve as a source of raw materials for industry, but also as carbon sinks that hold significant economic value within international carbon-trading schemes. Since the launch of the Indonesia Carbon Exchange (IDXCarbon) in 2023 and the opening of international carbon trading in January 2025, forestry companies now face a new reality: the forests they manage are not merely production assets, but also generators of carbon credits capable of producing green revenue.

On the other hand, forestry companies whose production activities generate greenhouse gas (GHG) emissions exceeding the established emission limits will face an obligation to purchase carbon credits, which from an accounting standpoint may become a significant environmental burden. This duality lies at the heart of the conceptual debate in carbon accounting within the forestry sector: should carbon credits be treated as green revenue that increases the value of the company, or as an environmental burden reflecting responsibility for the ecological impact of operations?

This phenomenon has become increasingly relevant with the issuance of Ministry of Forestry Regulation No. 6 of 2026 concerning the procedures for carbon trading through GHG emission offsets in the forestry sector, which strengthens the legal framework for forest-based carbon credit trading. The regulation introduces a mechanism for issuing Greenhouse Gas Emission Reduction Certificates (SPE-GRK), which have now become the official instrument traded on IDXCarbon. This situation creates an urgent need for accounting standards capable of guiding forestry companies in recognizing, measuring, presenting, and disclosing carbon credit transactions consistently and reliably.

Ironically, as of 2026, Indonesia does not yet have a specific Statement of Financial Accounting Standards (PSAK) governing the accounting treatment of carbon credits. Companies are forced to rely on the separate interpretation of various existing PSAKs such as PSAK 19 (Intangible Assets), PSAK 57 (Provisions), PSAK 72 (Revenue), and PSAK 68 (Fair Value) without adequate integrated guidance. This situation has the potential to create inconsistency in financial reporting among forestry companies, reduce the comparability of financial statements, and weaken the transparency of information for investors and stakeholders.

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Several studies have addressed carbon accounting in Indonesia, including Taurisianti and Kurniawati (2016), who examined the accounting treatment of carbon using PSAK; Firmansyah (2025), on the implementation of carbon accounting within green fiscal policy; and Wijaya and Putri (2024), on the challenges of carbon financial disclosure in extractive industries. However, research that specifically analyzes the dichotomy of green revenue versus environmental burden in the context of Indonesian forestry companies while taking the latest regulations into account remains very limited.

Based on this background, this study aims to: (1) analyze the classification and accounting treatment of carbon credits in forestry companies under the applicable PSAK; (2) identify the regulatory gap in carbon accounting in Indonesia compared with international standards; (3) develop a conceptual framework for the accounting treatment of carbon credits based on three emission scenarios; and (4) formulate policy recommendations for carbon accounting standards suited to the Indonesian context.

LITERATURE REVIEW

Environmental Accounting and Carbon Accounting

Environmental accounting is an accounting approach that integrates environmental impacts into a company's financial reporting system. According to Mathews (1997), environmental accounting aims to identify, measure, and disclose environmental costs and benefits in a company's financial statements, so that stakeholders can make better-informed decisions about the company's environmental performance.

Carbon accounting is a subsystem of environmental accounting that focuses specifically on the measurement, recording, and disclosure of GHG emissions and carbon credits. Taurisianti and Kurniawati (2016) define carbon accounting as a company's responsibility for environmental damage caused by GHG emissions arising from its operational activities. Carbon accounting has been presented as the responsibility of the company for environmental damage due to the side effects of the activities carried out, which can cause global warming or greenhouse gases.

In the context of the forestry sector, carbon accounting has a unique dimension because forestry companies can play a dual role as emission producers (from logging and timber processing) and at the same time as carbon sinks (from the forests they manage). The carbon-absorption capacity of trees forms the basis for recognizing carbon assets, in which the carbon stocks of various forest types and plant species can be calculated using scientific data from forestry research institutions (Taurisianti & Kurniawati, 2016).

Carbon Credits and the Indonesian Carbon Market

A carbon credit is a financial instrument that records the reduction or avoidance of GHG emissions. Each unit of carbon credit is equivalent to one ton of carbon dioxide (CO_2e) successfully reduced or absorbed. In Indonesia, carbon credits are known as Greenhouse Gas Emission Reduction Certificates (SPE-GRK), namely proof of emission reductions that have undergone a measurement, reporting, and verification (MRV) process and are recorded in the National Registry System for Climate Change Control (SRN-PPI).

IDXCarbon trades two types of carbon units: PTBAE-PU (the allowance market), which represents emission permits allocated by the government, and SPE-GRK (the offset market), which represents carbon credits from verified emission-reduction projects. Forestry companies have the potential to become sellers of SPE-GRK when their forest conservation activities and REDD+ projects generate a verified surplus of emission reductions.

Ministry of Forestry Regulation No. 6 of 2026 reinforces the forestry carbon-trading mechanism by emphasizing the concept of High-Quality Carbon, measured not only by tonnage of CO_2 but also by social impact and biodiversity. The regulation also introduces Anti-Double Counting mechanisms and Social & Biodiversity Safeguards, which carry important implications for the recognition and measurement of carbon credits in financial statements.

Legitimacy Theory in Carbon Accounting

Legitimacy theory serves as the principal theoretical foundation for understanding companies' motivation to disclose carbon information. Suchman (1995) defines legitimacy as a general perception or assumption that the actions of an entity are appropriate within a society's prevailing system of norms, values, and beliefs. In the context of carbon accounting, forestry companies are driven to disclose carbon credit information in an effort to maintain or

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enhance their legitimacy in the eyes of stakeholders, particularly investors, the government, and the public.

In this regard, Deegan (2002) explains that environmental disclosure in financial statements is a corporate strategy for responding to increasingly stringent social pressure and environmental regulation. In an era of carbon trading and increasingly mandatory sustainability reporting, forestry companies that disclose carbon credits as green revenue not only improve financial transparency but also strengthen their legitimacy as companies responsible toward the environment.

The Regulatory Gap in Carbon Accounting in Indonesia

As of 2026, Indonesia does not yet have a specific PSAK that comprehensively governs carbon accounting. Based on the study by Firmansyah (2025), entities must refer to other standards such as PSAK 238, PSAK 237, and PSAK 220 for reporting related to the carbon tax, which reflects uncertainty in the measurement, recognition, and disclosure of carbon transactions. This situation increases the risk of inconsistency in financial statements across companies.

Internationally, the IASB is working on a Carbon Markets project (2024–2026) aimed at establishing guidance for the accounting of carbon units within the IFRS framework. Meanwhile, IFRS S2 (Climate-Related Disclosures), issued by the ISSB in 2023, already requires climate disclosures, including Scope 1, 2, and 3 emissions. The IAI itself launched the Sustainability Disclosure Standards (SPK) in August 2025 as a step toward adopting IFRS S1 and S2, although carbon disclosure at the level of financial accounting remains under development.

RESEARCH METHOD

Research Approach and Design

This study uses a qualitative approach with a conceptual study design. A conceptual study was chosen because the research aims to build an analytical framework and theoretical propositions on the accounting treatment of carbon credits based on an in-depth review of relevant regulations, accounting standards, and literature. This approach is appropriate for filling knowledge gaps in areas where regulations and standards are still under development (Gilson & Goldberg, 2015).

Data Sources

The data sources in this study consist of: (1) regulations related to carbon trading and accounting (Presidential Regulation 98/2021, Law on the Harmonization of Tax Regulations 7/2021, OJK Regulation 14/2023, Ministry of Forestry Regulation 6/2026, Ministry of Environment and Forestry Regulation 21/2022); (2) relevant PSAK accounting standards (PSAK 1, 14, 19, 55, 57, 68, 72) and international standards (IFRS S1, S2, IFRS 9, IFRS 13, IAS 37); (3) the financial statements and sustainability reports of forestry companies listed on the IDX for the 2022–2025 period; (4) scholarly literature from reputable accounting journals (SINTA 1–2 and Scopus/WoS); and (5) reports from international institutions (IASB, ISSB, KPMG, the CAF Platform).

Data Analysis Techniques

Data analysis was carried out in three stages. First, content analysis of regulations and accounting standards to identify gaps and inconsistencies in the regulation of carbon accounting in Indonesia. Second, comparative analysis between the Indonesian PSAK framework and international standards (IFRS/ISSB) to map the regulatory gap. Third, the construction of a conceptual framework for the accounting treatment of carbon credits based on three emission scenarios (surplus, deficit, neutral) formulated from the results of the regulatory and literature analysis.

Analytical Framework

This study builds an analytical framework that integrates three perspectives: (1) the financial accounting perspective (the recognition, measurement, presentation, and disclosure of carbon credits under PSAK); (2) the regulatory perspective (the alignment of the accounting treatment with Indonesia's legal framework for carbon trading); and (3) the theoretical perspective (legitimacy theory and environmental accounting as the conceptual foundation). These three perspectives are used in an integrative manner to produce a comprehensive analysis with practical implications.

RESULTS AND DISCUSSION

The Accounting Treatment of Carbon Credits: Between Green Revenue and Environmental Burden

The results of the analysis show that the accounting treatment of carbon credits in forestry companies is contextual, depending on the company's emission position relative to the established emission limit. There are two principal

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positions: a surplus condition and a deficit condition. Table 1 presents a comprehensive comparison of the accounting treatment of carbon credits from these two perspectives.

Table 1. Comparison of the Accounting Treatment of Carbon Credits in Forestry Companies

Accounting Aspect	**Carbon Credit (Surplus / Seller)**	**Carbon Credit (Deficit / Buyer)**	**PSAK Basis**	**Regulatory Gap**
Asset Classification	Intangible Asset / Inventory	Obligation / Liability	PSAK 19 / PSAK 14	No explicit guidance yet
Initial Recognition	Acquisition cost or fair value at issuance of SPE-GRK	Cost of purchasing credits on IDXCarbon	PSAK 16 / PSAK 19	Ambiguity between asset and expense
Subsequent Measurement	Fair value or historical cost	Carrying amount less amortization	PSAK 55 / PSAK 68	No dedicated carbon measurement standard
Revenue Recognition	Non-operating income upon sale of credits	Not applicable	PSAK 72 / PSAK 23	Timing of recognition unclear
Expense Recognition	Not applicable	Environmental expense / non-operating expense	PSAK 57 / PSAK 1	No dedicated carbon-expense line item
Disclosure	Notes to the Financial Statements	Notes to the Financial Statements	PSAK 1 / IAI SPK	Still voluntary
Tax	Potential income tax on carbon credit revenue	Potential carbon tax (not yet in force)	Law 7/2021 (HPP)	Carbon tax delayed; no harmonization yet

In an emission-surplus condition, carbon credits generated from forest conservation activities, REDD+ projects, or sustainable forest management can be recognized as Intangible Assets under PSAK 19, namely an identifiable resource that is controlled by the company and generates future economic benefits. When these carbon credits are traded on IDXCarbon, the difference between the selling price and the carrying amount is recognized as non-operating income (green revenue) in accordance with PSAK 72 and PSAK 23.

Conversely, in an emission-deficit condition, a forestry company whose production activities exceed the emission limit must purchase carbon credits on the market or pay a penalty. In this condition, the cost of purchasing carbon credits is recognized as an environmental expense in the income statement, while the unsettled purchase obligation is recognized as a provision in accordance with PSAK 57. This condition reflects the company's responsibility for the ecological impact of its operations — which, in legitimacy theory, constitutes a form of accountability toward the ecosystem and society.

Carbon Credit Accounting Scenarios for Forestry Companies

Based on the results of the regulatory and standards analysis, this study formulates three scenarios for the accounting treatment of carbon credits that can be applied by Indonesian forestry companies, as presented in Table 2.

Table 2: Carbon Credit Accounting Scenarios Based on the Forestry Company's Emission Position

Scenario	**Emission Condition**	**Accounting Treatment**	**Financial Statement Item**	**Performance Impact**
Scenario A (Surplus)	Actual emissions < established emission cap. The forestry company generates carbon credits from CO_2 absorption (REDD+ / carbon projects).	Carbon credits recognized as an Intangible Asset; upon sale on IDXCarbon, recognized as non-operating income.	Intangible Assets (Balance Sheet); Other Income (Income Statement)	Increases net profit; potential green revenue; firm value rises.
Scenario B (Deficit)	Actual emissions > emission cap. The company is obliged to purchase carbon credits or pay a penalty.	Purchased carbon credits recognized as an Environmental Expense; the purchase obligation recognized as a	Environmental Expense (Income Statement); Provision (Balance Sheet)	Reduces profit; increases liabilities; environmental reputation risk.

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		Provision.		
Scenario C (Neutral)	Actual emissions = emission cap. No carbon credit transaction.	No additional recognition; disclosure only in the Notes to the Financial Statements.	Notes to the Financial Statements (disclosure only)	No impact on profit; however, full disclosure is required.

In Scenario A (Surplus), carbon credits represent a genuine source of green revenue. Forestry companies running REDD+ projects, agroforestry, or primary-forest conservation can potentially generate thousands to millions of tons of SPE-GRK per year. With carbon credit prices on IDXCarbon ranging from USD 3–15 per ton of CO_2e, the potential revenue from carbon credits can become a material source of income for large-capacity forestry companies.

In Scenario B (Deficit), carbon credits turn into an environmental burden that can significantly affect financial performance. Companies such as pulp and paper mills that have high production emissions but whose forest concessions are unable to offset those emissions will face an ongoing obligation to purchase carbon credits. This condition requires the recognition of an adequate provision so that the financial statements accurately reflect the environmental obligation.

The Regulatory Gap: Indonesian PSAK versus International Standards

One of the critical findings of this study is the identification of a significant gap between the state of carbon accounting regulation in Indonesia and international standards. Table 3 presents a comprehensive comparison between the condition of Indonesian PSAK and the international framework.

Table 3: The Carbon Accounting Regulatory Gap: Indonesian PSAK vs International Standards

Accounting Issue	Indonesian PSAK Condition (2026)	International Standards (IFRS/IASB)
Classification of carbon credits	No specific PSAK; refers interpretively to PSAK 19 (intangible assets) or PSAK 14 (inventory).	IFRS has not issued a specific standard; the IASB is working on the Carbon Markets project (2024–2026).
Fair value measurement	PSAK 68 (Fair Value Measurement) may be applied, but there is no specific guidance for carbon units.	IFRS 13 (Fair Value Measurement) applies; IDXCarbon or international market prices may be used as references.
Emission disclosure	Still voluntary; IAI's SPK (2025) is beginning to require it gradually for IDX-listed issuers.	IFRS S1 & S2 (ISSB, 2023) require climate disclosure, including full Scope 1, 2, and 3 emissions.
Carbon credit revenue	PSAK 72 (Revenue from Contracts with Customers) may apply but is open to multiple interpretations for carbon.	IFRS 15 applies; however, additional guidance is needed for long-term carbon-trading contracts.
Carbon liability provisions	PSAK 57 (Provisions, Contingent Liabilities) is relevant, but the measurement of carbon liabilities is not yet specific.	IAS 37 applies; some jurisdictions (the EU, Australia) already have their own technical guidance.

The absence of a specific carbon accounting PSAK creates a condition of "multiple interpretation" that has the potential to undermine the comparability of financial statements across forestry companies. As an illustration, one company may classify carbon credits as intangible assets (PSAK 19), while another classifies them as inventory (PSAK 14), and yet another does not recognize them at all because it considers that carbon credits do not yet meet the definition of an asset. These three treatments produce very different financial statement presentations even though they reflect a similar economic condition.

"Uncertainty regarding the measurement, recognition, and disclosure of carbon transactions increases the risk of tax disputes and affects corporate financial planning." (Firmansyah, 2025)

This condition is aggravated by the unclear tax status of carbon credit transactions. Although Law No. 7 of 2021 on the Harmonization of Tax Regulations has provided for a carbon tax, its implementation continues to be delayed owing to inadequate regulatory and infrastructural readiness. As a result, forestry companies face a double uncertainty: uncertainty over accounting standards and uncertainty over the tax treatment of carbon transactions.

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The Carbon Disclosure Profile of IDX-Listed Forestry Companies

Analysis of the financial statements and sustainability reports of forestry companies listed on the IDX for the 2022–2025 period reveals that carbon disclosure remains very limited. Table 4 presents the profile of the main forestry companies and their carbon disclosure practices.

Table 4: Profile of Indonesian Forestry Companies and Their Carbon Disclosure Practices (2022–2025).

Company	IDX Code	Concession Area (Ha)	Emission Status*	Carbon Disclosure
PT Dharma Satya Nusantara Tbk	DSNG	±619,000	Surplus (potential)	Limited – Notes to FS
PT Barito Pacific Tbk	BRPT	±900,000	Deficit (industry)	Limited – Sustainability Report
PT Inhutani I (Persero)	–	±1,100,000	Surplus (REDD+)	Minimal
PT Toba Pulp Lestari Tbk	INRU	±188,000	Deficit (production)	Limited – Annual Report
PT Royal Lestari Utama	–	±220,000	Surplus (conservation)	Developing

**Estimated from public reports; no mandatory disclosure yet.*

In general, carbon disclosure among Indonesian forestry companies is limited and not standardized. Most companies merely state their environmental commitments in general terms in their annual or sustainability reports, without presenting measurable emission data, carbon credit values, or the accounting entries for carbon transactions. Not a single forestry company explicitly recognizes carbon credits as an asset on its balance sheet, even though several of them are involved in REDD+ projects that could potentially generate high-value carbon credits.

This stands in contrast to the global trend, in which forestry companies in developed countries such as Australia, Canada, and several European Union states have begun to recognize carbon credits as assets in their financial statements, in line with more mature local regulatory guidance. This minimal disclosure does not merely reflect an unwillingness on the part of companies, but rather the absence of clear accounting guidance, as identified in the regulatory-gap analysis above.

A Conceptual Framework for the Accounting Treatment of Forestry Carbon Credits

Based on all the results of the analysis, this study formulates a conceptual framework for the accounting treatment of forestry carbon credits that can serve as interim guidance for companies while awaiting the issuance of a formal standard. This framework is built on four main pillars:

Recognition Pillar: Carbon credits are recognized as an asset when the company has control over verified SPE-GRK registered in the SRN-PPI, meeting the criteria for an intangible asset under PSAK 19 (identifiable, controlled, and generating future economic benefits).

Measurement Pillar: Initial measurement uses acquisition cost (MRV verification costs + SRN-PPI registration costs). Subsequent measurement uses fair value based on the IDXCarbon market price in accordance with PSAK 68, with gains/losses from changes in fair value recognized in profit or loss.

Presentation Pillar: Carbon credits are presented as Intangible Assets in the Statement of Financial Position (surplus condition) or as Environmental Provisions/Liabilities (deficit condition). Income from the sale of credits is presented as Other Income labeled ‘Carbon Credit Revenue’.

Disclosure Pillar: Full disclosure in the Notes to the Financial Statements covering: the accounting policy for carbon credits, the volume and value of carbon credits held, transactions during the period, carbon price-change risk, future emission-reduction commitments, and alignment with Indonesia's NDC targets.

Implications for Firm Value and Financial Performance

From the perspective of firm value, recognizing carbon credits as an asset and as green revenue has significant positive implications. Research by Ghosh, Pareek, and Sahu (2024) shows that carbon performance and disclosure practices have a positive effect on a company's financial performance. Investors who are increasingly concerned about ESG (Environmental, Social, Governance) issues tend to assign higher

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valuations to companies that transparently disclose their carbon assets.

However, recognizing carbon credits as an asset also carries the risk of asset-value volatility, given that carbon credit prices on IDXCarbon are strongly influenced by market dynamics, government policy, and global climate conditions. Forestry companies need to develop a carbon risk-management system integrated with their accounting system in order to anticipate fluctuations in the value of carbon assets.

On the other hand, for companies in a deficit condition, the obligation to purchase carbon credits — which increases as regulations tighten — can become a substantial financial burden. Research by Trenggono and Trisnaningsih (2025) shows that carbon emission disclosure and environmental costs have a significant effect on firm value. This reinforces the argument that transparency in carbon accounting, in both surplus and deficit conditions, is material information that must be disclosed in the financial statements.

POLICY RECOMMENDATIONS

Based on the research findings, the following policy recommendations are formulated to strengthen the carbon accounting framework in Indonesia's forestry sector:

Table 5: Policy Recommendations for Developing Indonesia's Carbon Accounting Standards

No.	Recommendation	Implementation Target	Priority
1	The IAI should issue a specific PSAK or PSAK Interpretation (ISAK) on the recognition, measurement, and disclosure of carbon credits and carbon units.	DSAK IAI – 2026–2027	High
2	The OJK and IAI should develop technical guidance on the accounting treatment of carbon units (SPE-GRK and PTBAE-PU) traded on IDXCarbon.	OJK + IAI – 2026	High
3	Forestry companies should be required to disclose their emission status (surplus/deficit) and the value of carbon credits in the Financial Statements and Notes.	IDX Issuers – immediately	High
4	Gradual convergence with IFRS S2 and the IASB Carbon Markets project to ensure the compatibility of Indonesia's carbon accounting standards.	DSAK IAI – 2027–2028	Medium
5	Training for the public-accountant profession on carbon accounting as a new mandatory competency in the era of sustainability reporting.	IAI, IAPI – 2026–2027	Medium
6	The government (Ministry of Finance, Ministry of Environment and Forestry) should accelerate the issuance of carbon-tax regulations harmonized with accounting standards to reduce reporting uncertainty.	Ministry of Finance – 2026	High

Recommendations one and two are the most urgent. Without a specific PSAK, or at least an ISAK (Interpretation of Financial Accounting Standards) on carbon credits, forestry companies will continue to face uncertainty in financial reporting that can harm investor confidence and the comparability of financial statements. The IAI needs to prioritize the development of this standard on the DSAK agenda for 2026–2027, taking into account the unique characteristics of Indonesia's carbon market.

CONCLUSION

This study has successfully analyzed the dichotomy between green revenue and environmental burden in the accounting treatment of carbon credits in Indonesian forestry companies. The conclusions of the study can be summarized as follows.

First, carbon credits in forestry companies cannot be categorized solely as either green revenue or an environmental burden. This categorization is contextual and depends on the company's emission position relative to the established emission limit. Companies in a surplus condition recognize carbon credits as intangible assets and green revenue, while companies in a deficit condition must recognize the obligation to purchase credits as an environmental expense and a provision.

Second, Indonesia faces a critical regulatory gap in carbon accounting. The absence of a specific carbon accounting PSAK causes forestry companies to use varied interpretations of the existing PSAKs (PSAK 19, 57, 68, 72), producing

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inconsistency that harms the comparability and reliability of financial statements. This gap widens further when compared with the development of international standards through IFRS S2 and the IASB Carbon Markets project.

Third, carbon disclosure practices among IDX-listed forestry companies remain very limited and unstandardized. No company explicitly recognizes carbon credits as an asset on its balance sheet, even though several of them have significant carbon credit potential from REDD+ projects and sustainable forest management.

Fourth, this study formulates a four-pillar conceptual framework (recognition, measurement, presentation, disclosure) as interim guidance for forestry companies while awaiting the issuance of a formal carbon accounting standard. This framework is expected to promote consistency in carbon accounting practices and improve the transparency of financial reporting among Indonesian forestry companies.

Fifth, the issuance of a specific PSAK or ISAK on carbon accounting is the highest-priority recommendation, followed by the development of OJK technical guidance for IDXCarbon carbon units, a mandatory requirement for full disclosure of carbon credits in the financial statements, and harmonization with international standards (IFRS S2 and the IASB Carbon Markets project).

This study has the limitation of not conducting direct interviews with the management of forestry companies or with regulatory officials. Future research is advised to use an empirical case-study approach focusing on forestry companies that have engaged in carbon trading on IDXCarbon, in order to analyze carbon accounting practices in greater depth and context.

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