DIVERSITY
LOGIC JOURNAL MULTIDISCIPLINARY
SYNTIFIC Publisher
E-ISSN 2988-571X
Vol. 4 Issue 3, 2026 Page.272-287

Original Article

TRANSITION TO LEGAL ENTITY STATUS LIMITED LIABILITY COMPANIES IN INDONESIA

Muh. Ikmal Hidayatulloh[1)]*, Mochamad Cholil[2)]
[1,2)] Universitas Jenderal Achmad Yani Yogyakarta, Indonesia
*Corresponding Author, E-mail: ikmallee17@gmail.com

Submitted: 20 October 2026, Revised: 3 November 2026, Accepted: 7 November 2026.

ABSTRACT

Background. Changes to the mechanism for obtaining legal entity status for limited liability companies (PT) in Indonesia under the Job Creation Law have shifted the requirement from ministerial approval to a registration system, raising questions about the legislative rationale and its implications for legal certainty and the protection of third parties.
Research Purpose. This study aims to analyze the ratio legis of the amendment to Article 7(4) of the Limited Liability Companies Act regarding the acquisition of legal entity status by a limited liability company (PT) and to evaluate the legal consequences of this amendment on legal certainty and the protection of third parties through a comparison with the laws of Singapore and the United Kingdom.
Research Method. This normative study employs legislative, historical, and comparative (Singapore and the United Kingdom) approach, using a literature review to collect legal materials.
Findings. These changes are based on a risk-based licensing approach, time efficiency, and efforts to support MSMEs, although the academic explanation in the Academic Paper remains limited. Changes to the regulations pose the risk of a time gap and a shift in verification toward the realm of formal administration, while legal protection for third parties is based on internal protection through contractual arrangements between the parties and external protection through statutory regulations.
Conclusion. The transition to a registration-based system has improved the efficiency of establishing a PT, however, Indonesia needs to strengthen the disclosure of public data, clarify the role of notaries, and specifically regulate the transfer of directors' responsibilities.

Keywords: Approval, Legal Certainty, Legal Entity Status, Limited Liability Company, Registration.

BACKGROUND

A Limited Liability Company (hereinafter referred to as PT) is the most commonly used form of legal entity in business activities in Indonesia. The most notable characteristic of a PT as a legal entity is the separation of assets between the PT and its shareholders, such that the shareholders' liability is limited to their paid-in capital. This legal entity status has significant legal implications, including the company's ability to act as an independent legal entity separate from its founders and management[1]. The regulations regarding the establishment of a PT's legal entity status underwent changes following the enactment of Law No. 6 of 2023 on the Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation (hereinafter referred to as the Job Creation Law), previously, Article 7, paragraph (4) of Law No. 40 of 2007 on Limited Liability Companies (hereinafter referred to as the UUPT) stipulated that "A company acquires legal entity status on the date of

issuance of the Ministerial Decree regarding the ratification of the company's legal entity status"[1].

Following the enactment of the Job Creation Law, the provision was amended to state that a PT obtains legal entity status after being registered with the Minister and receiving proof of registration[2]. Legal entity status no longer depends on the issuance of a Ministerial Decree regarding approval, but rather on registration. This change simplifies the steps for establishing a PT, reducing the process from 4 (four) stages starting with the drafting of the articles of incorporation, ministerial approval, company registration, and publication in the State Gazette Supplement to 2 (two) stages until the PT is legally recognized as a legal entity, however, this change is not merely a procedural one, the shift from ratification to registration alters the nature of the Minister's action from one that assesses and approves to one that merely records raising the question of the extent to which state control over the validity of a PT's establishment is still maintained[3].

Legal entity status is a critical issue in determining the boundary between the personal liability of the founders and the liability of the PT. According to the Limited Liability Companies Act (UUPT), the founders' liability can be divided into three stages: the preparatory period prior to incorporation, the period after the articles of incorporation are drawn up but before the PT is legally established, and the period after the PT is legally established[4]. The rights and obligations of the founders are transferred to the PT once the PT has been officially established and has received its legal entity status, however, the conditions for the transfer of the founders' liability vary depending on the stage. The first stage is when the PT has not yet been established and the founders are preparing to establish a PT and performing legal acts related to its structure and capital contribution. The UUPT already regulates the procedure for the transfer of liability from the founders to the PT, however, in practice, disputes still frequently arise regarding who should be held liable for legal acts performed by the PT whether the founders or the PT itself[4].

Article 14 of the Limited Liability Companies Act provides that legal acts performed on behalf of a limited liability company that has not yet obtained legal entity status must be carried out jointly by all directors, together with all founders and commissioners, and are subject to joint and several liability[5]. If such an act is performed solely by a founder, the founder in question bears sole responsibility for it, and the act does not bind the PT, however, it may become the responsibility of the PT once the PT obtains legal entity status. Therefore, the PT's acquisition of legal entity status determines the point at which the founders' personal liability ceases, including with respect to agreements entered into during the transitional period between the signing of the articles of incorporation and registration. Furthermore, this change also has the potential to affect the legal standing of third parties who enter into legal transactions with the PT, particularly in determining when the PT can be considered legally capable of performing legal acts.

The urgency of this research stems from the impact caused by changes in the mechanism for obtaining legal entity status for limited liability companies (PTs), given that Indonesia has a very large number of PTs that continues to grow each year. Data from the Ministry of Law indicates that the number of PTs registered throughout Indonesia has reached hundreds of thousands of entities spread across various provinces, with one of the largest provinces being DKI Jakarta, which has 471,759 PTs[6]. Changes to the mechanism for obtaining legal entity status affect all PTs, whether established before or after the enactment of the Job Creation Law. For PTs established prior to the changes, there are issues regarding the legality of the legal entity status they obtained based on a Ministerial Decree, meanwhile, for PTs established after the changes, there are issues regarding the interpretation and implementation of registration requirements as the basis for obtaining legal entity status. The urgency is further heightened by the issuance of new implementing

regulations, namely Minister of Law Regulation No. 49 of 2025 and No. 14 of 2026, while the consequences of the shift for legal certainty and third party protection in the period between the signing of the deed of incorporation and the issuance of proof of registration have not been explicitly regulated.

Previous studies have examined related issues, but, to the best of the authors' knowledge, none has examined the shift in the moment of acquiring legal entity status as a whole. Pratama & Turisno (2023) discussed changes in the establishment of PTs following the enactment of the Job Creation Law but did not analyze the paradigm shift in the acquisition of legal entity status, Atina, Purnama & Efendi (2022) analyzed legal dualism in the establishment of PTs but only briefly touched upon the differences in legal entity status, and Sekarasih et al. (2023) addressed PT regulations from a Critical Legal Studies perspective without discussing the legal consequences of the change in the mechanism for obtaining legal entity status. Adriadi et al. reviewed the changes in the regulation of PT establishment after Law No. 11 of 2020, while Cholil & Pertiwi focused on the validity of share transactions of a PT that has not yet obtained legal entity status. The research gap therefore lies in the absence of a study that traces the ratio legis of the amendment to Article 7(4) of the UUPT and, at the same time, evaluates its consequences for legal certainty and the protection of third parties, including through a comparison with other jurisdictions.

The originality and novelty of this study lie in four aspects. First, it traces the ratio legis of the amendment to Article 7(4) of the UUPT through the Academic Paper of the Job Creation Bill, the proceedings of the Constitutional Court, and the legislative deliberations on the Limited Liability Companies Bill, rather than merely describing the new procedure. Second, it evaluates the consequences of the shift from ratification to registration using Moch. Isnaeni's theory of internal and external legal protection and Gustav Radbruch's legal values. Third, it compares Indonesia with Singapore and the United Kingdom regarding the moment legal entity status is acquired, the nature of registration, the role of notaries, and third-party protection. Fourth, it relies on the latest implementing regulations, namely Minister of Law Regulation No. 49 of 2025 and No. 14 of 2026. The contribution of this study is both theoretical and practical: theoretically, it enriches the doctrine of the legal entity status of PTs under a registration system, practically, it offers recommendations for lawmakers and notaries to strengthen public data disclosure, clarify the role of notaries, and regulate transitional provisions for acts performed before proof of registration is issued.

Based on the background above, this study aims to analyze the ratio legis of the amendment to Article 7(4) of the Limited Liability Companies Act regarding the acquisition of legal entity status by a limited liability company (PT), and to evaluate the legal consequences of the shift in the legal norm from ministerial ratification to registration on legal certainty and the protection of third parties, through a comparison with the laws of Singapore and the United Kingdom.

RESEARCH METHOD

The type of research used is normative research (legal normative research). Peter Mahmud Marzuki states that normative research is a process of discovering legal rules, legal principles, and legal doctrines to address a legal issue at hand[7]. This study examines the law from the "law in books" perspective to analyze the positive legal norms regarding the acquisition of legal entity status by a PT and the legal consequences thereof.

The approaches used are the statutory approach, the historical approach, and the comparative approach. The statutory approach was conducted by examining Law No. 40 of 2007 on Limited Liability Companies, as amended by Law No. 6 of 2023 on Job Creation, along with its implementing regulations. The historical approach is used to trace the

academic arguments in the Academic Draft of the Job Creation Law (hereinafter referred to as the NA RUU Ciptaker) in order to identify the original intent of the lawmaker regarding the change in the process of obtaining legal entity status specifically, the shift from the ratification stage to the registration stage. A comparative approach was used to examine how other countries regulate the acquisition of legal entity status for limited liability companies (PT), using Singapore and the United Kingdom as examples. These two countries were selected because they have legal traditions different from Indonesia's, both the United Kingdom and Singapore operate under common law systems, allowing the comparison to broaden the analysis of the ratio legis behind the amendment to Article 7(4) of the Limited Liability Companies Act in Indonesia.

The legal sources used consist of primary and secondary sources. Primary sources include Law No. 40 of 2007 on Limited Liability Companies, Law No. 6 of 2023 on Job Creation, and the draft Job Creation Bill. Secondary sources include legal textbooks, academic journals, articles, and research findings relevant to the issues discussed. Legal materials were collected through library research by cataloging, classifying, and citing legal materials relevant to the research question.

FINDINGS

Article 7(4) of the Limited Liability Companies Act (UUPT) stipulates that a limited liability company (PT) acquires legal entity status on the date of issuance of the Ministerial Decree regarding the ratification of the PT's legal entity status. This provision grants the Minister the primary authority to confer legal entity status, without a Ministerial Decree, even if a PT has been established through a notarial deed, it cannot yet be considered an independent legal entity, as a result of which the founders bear personal legal liability and there is no separation of assets between the PT and the founders. The previous regulation governing this matter can be found in Article 36(2) of the Commercial Code, which required the submission of the deed of incorporation to the Minister of Justice for ratification before a PT could be established as a valid legal entity.

The Job Creation Law amends the provisions of Article 7(4) of the Limited Liability Companies Law regarding the acquisition of legal entity status by a limited liability company (PT), whereby the acquisition of legal entity status which previously took effect upon incorporation now takes effect upon registration. However, it is regrettable that the Draft Job Creation Law does not explain in detail the rationale behind this change, even though the draft addresses the simplification of licensing, investment requirements, labor, and various other aspects related to job creation. Nevertheless, in the discussion of Article 7, paragraph (4) of the UUPT, the draft itself does not provide any rationale regarding the reasons for changing the legal entity status of a PT, why the ratification mechanism is deemed no longer appropriate, or why registration is considered a more suitable mechanism compared to ratification. there is not even a specific subsection that discusses in detail the legal framework governing the establishment of a PT's legal entity status, there is no evaluation of the weaknesses of the ratification mechanism, and there is no legal justification explaining why the process for obtaining legal entity status must be shifted from ratification to registration. The Proceedings of the Hearing on the Formal and Substantive Review of Law No. 11 of 2020 on Job Creation against the 1945 Constitution of the Republic of Indonesia also do not explain these changes in detail.

The acquisition of legal entity status as a PT at the time of registration is currently valid only in Indonesia. By way of comparison, there are several countries that share some similarities with the methods or concepts used in Indonesia, such as Singapore and the United Kingdom. Although their approaches differ, these two countries grant legal entity

status through a self-assessment process, in which entities register electronically and receive an official letter from the government just as in Indonesia. Table 1 compares the three jurisdictions in terms of the moment legal entity status is established, the nature of registration, the role of notaries and authorities, and the protection afforded to third parties.

Table 1. Comparison of the Acquisition of Legal Entity Status by Limited Liability Companies in Indonesia, Singapore, and the United Kingdom

Comparative Aspect	The Moment Legal Entity Status Is Established	Nature of Registration	Key Roles of Notaries and Authorities	Third Party Protection
Indonesia (Company Law in conjunction with the Job Creation Law)	Issuance of an electronic registration certificate by the Minister	Constitutive (conferring legal entity status).	The notary prepares the deed and enters the data, the Authority issues the registration certificate	Based on the principles of electronic data publicity and separation of responsibilities.
Singapore (Companies Act 1967)	The date stated in the notice/certificate of incorporation issued by ACRA.	Constitutive (establishes legal entity status).	The Authority (ACRA) verifies and registers, a notary is not required.	Real-time data transparency via BizFile+ and reliable registration.
England (Companies Act 2006)	The date stated on the certificate of incorporation issued by Companies House.	Conclusive evidence.	Registration by the competent authority (Companies House) a notary is not required.	The doctrine of conclusive evidence (Section 15 of the Companies Act 2006) & Section 51 (pre-incorporation).

Legal liability for this change in the law is examined based on the provisions set forth in Article 14 of the Limited Liability Companies Act regarding legal acts performed on behalf of a limited liability company that has not yet been legally incorporated. This article stipulates that legal acts during the transitional period or prior to the completion of registration are performed by all directors, together with all founders and commissioners, on a joint and several liability basis, so that any delay or gap in registration has a direct impact on the legal certainty regarding the status of the corporation's obligations in terms of transparency and legal protection for third parties within the framework of Moch. Isnaeni's theory, which distinguishes between internal and external legal protection. Internal protection is provided by the parties themselves through clauses in the agreement, such as the condition that the agreement takes effect only after the PT obtains legal entity status, personal guarantees from the founders, and verification of the PT's legal entity status prior to conducting transactions. Meanwhile, external protection stems from laws and regulations, namely Article 29 of the Limited Liability Companies Act (UUPT), which stipulates that the PT registry is open to the public (principle of publicity), requiring the Minister to maintain administrative records of the PT from its establishment until its dissolution so that they are

accessible to third parties, as well as Article 1365 of the Burgerlijk Wetboek (hereinafter referred to as the BW) on Unlawful Acts, which may be invoked against the PT's governing bodies, notaries, or in cases of administrative negligence if data errors occur or losses are incurred by third parties. To broaden the comparative legal analysis, this discussion compares the Indonesian legal framework with those of foreign jurisdictions, namely Section 19 of Singapore's Companies Act 1967, which establishes legal entity status based on the notice of incorporation issued by ACRA, as well as Sections 15 and 51 of the United Kingdom's Companies Act 2006, which treat the certificate of incorporation as conclusive evidence and regulate pre-incorporation contracts.

DISCUSSIONS

In the context of a limited liability company (PT), registration generally refers to a series of administrative procedures that the founders must complete to apply for legal entity approval from the Minister of Law and Human Rights through the Legal Entity Administration System, after the articles of incorporation have been drawn up by a notary. The purpose of this process is for the PT to obtain legal entity status and be officially listed in the register of limited liability companies[8]. This registration is a crucial step because without approval from the Minister, the PT is not recognized as an independent legal entity, meaning that legal liability for the PT's actions still rests with its founders or directors. The registration of a PT is a formal process to validate the PT's existence as a legitimate legal entity in the eyes of the law, distinguishing it from other non-legal-entity business forms. Approval is an administrative act carried out by the Minister of Law and Human Rights to grant official approval of the PT's articles of incorporation, which has the legal effect of conferring legal entity status upon the PT. This ratification is a formal requirement that grants a PT legal entity status, prior to receiving this decision, the PT is not recognized as an independent legal entity and lacks the legal capacity (rechtsbevoegdheid) to perform legal acts in its own name. The establishment of a PT is a process of forming a legal entity that begins with an agreement in the form of a capital partnership which is formally documented in a notarial deed, and then ratified through applicable legal mechanisms until it obtains legal entity status. From the perspective of contract law, the establishment of a PT to obtain legal entity status is fundamentally contractual and consensual in nature, whereby the PT is formed through a written agreement and a capital partnership among the parties acting as the PT's founders [9].

The mechanism for establishing a PT in Indonesia remains based on two absolute cumulative requirements: the presence of at least two founders and the drafting of a deed of incorporation by a notary in the Indonesian language. Article 7(1) of the UUPT stipulates that a PT is established by two or more persons through a notarial deed drafted in the Indonesian language. This provision has not changed following the enactment of the Job Creation Law, as the amendments introduced merely added an alternative route in the form of a sole-proprietor PT for micro, small, and medium enterprises (MSMEs), without altering the fundamental structure of a PT as a legal entity arising from an agreement among its founders. A notarial deed is not merely an administrative formality but rather the embodiment of the incorporation agreement, which contains the articles of association and other details as required by Article 8 of the UUPT, therefore, the validity of a PT's establishment cannot be separated from the deed drawn up by an authorized public official, without a notarial deed, the establishment of a capital-based PT does not meet the formal requirements and therefore cannot obtain recognition as a legal entity. The establishment of a PT as a capital partnership requires compliance with a series of formal procedures based on the drafting of a deed of incorporation by a notary. Pursuant to Article 7(1) of the Limited

Liability Companies Act (UUPT), a PT must be established by two or more persons through a notarial deed drafted in Indonesian, this provision reaffirms that for a standard PT, the principle of a capital partnership is maintained, so that incorporation by a single individual is not permitted, incorporation by a single individual is only permitted for a Sole Proprietorship, which is explicitly limited to micro and small businesses under Article 153A of Law No. 6 of 2023 on Job Creation, which falls outside the scope of this discussion[5].

The current incorporation process is technically regulated in Minister of Law Regulation No. 49 of 2025 concerning the Requirements and Procedures for the Incorporation, Amendment, and Dissolution of Limited Liability Companies (hereinafter referred to as Permenkum 49/2025). Article 5 of Permenkum 49/2025 explains that the establishment of a PT is carried out by the applicant through a notary by electronically filling out the establishment form via the Legal Entity Administration System (hereinafter referred to as SABH), where the applicant, in accordance with Article 3(2)(a) of Permenkum 49/2025, is the joint founders or the board of directors who have authorized the notary, and the supporting documents that must be submitted pursuant to Article 6(1) include a copy of the deed of incorporation, proof of capital contribution, a statement of commitment to obtain a technical permit, a Taxpayer Identification Number (NPWP), a statement of full address, and Beneficial Owner documents. Specifically regarding the Beneficial Owner, Article 6(1)(i) requires a power of attorney from the board of directors to the notary, a statement from the board of directors specifying the name of the Beneficial Owner, and a letter of consent from the Beneficial Owner. The founders' authority under Article 9(3) of the Limited Liability Companies Act provides an alternative whereby an application for approval may be filed jointly by the founders or by a notary public acting under a power of attorney granted by the founders, in official practice under Ministry of Law and Human Rights Regulation No. 49/2025, submissions via the SABH system are made by a notary acting as an agent, as stipulated in Article 3(2)(a) and Article 5 of Ministry of Law and Human Rights Regulation No. 49/2025, in principle, the founders may submit the application themselves, however, the technical mechanism of the SABH is designed to be accessed by notaries who are registered as system users, therefore, the founders do not need a personal account on AHU Online to register a regular limited liability company (PT), as access and submission are carried out through the notary's account and authority as the authorized representative, who is also responsible for the accuracy of the data uploaded into the system (Article 6(2) and Article 26) Ministry of Law and Human Rights Regulation No. 49/2025[10].

Once the application is received, the Minister issues a decision letter approving the establishment of the PT as a legal entity at the time the application is received, this decision letter is transmitted electronically to the notary via the SABH system, and the notary prints it independently. The PT obtains legal entity status on the date the Minister's Decision approving its legal entity status is issued. Furthermore, pursuant to Minister of Law Regulation No. 14 of 2026 concerning Procedures for the Announcement of Limited Liability Companies in the State Gazette of the Republic of Indonesia and the Supplement to the State Gazette of the Republic of Indonesia and the Announcement of Foundations in the Supplement to the State Gazette of the Republic of Indonesia (hereinafter referred to as Permenkum 14/2026), Article 3(2) stipulates that the announcement of the establishment of a PT must be published in the Supplement to the State Gazette of the Republic of Indonesia, where the announcement is submitted electronically through the SABH concurrently with the filing of the application for establishment, and the data is transmitted electronically from the SABH to the announcement system managed by the Director General of Legislation[11]. The relationship between the notary's involvement, the founders' authority, and the use of the SABH culminates in legal certainty regarding the legal status of the PT, the notary serves

as a liaison between the founders' intentions and the state's official registration system, ensuring that the deed drawn up meets formal and substantive requirements and that the data submitted to the Minister via the SABH is consistent with that deed. Legal certainty for the founders lies in the issuance of a decision ratifying the legal entity the establishment of the PT as an independent legal entity, with shareholders' liability limited to their paid-in capital. Without completing the procedures through the SABH and the issuance of the ratification decision, the PT has not yet obtained legal entity status and cannot validly perform legal acts in its own name, and thus legal protection for the founders, shareholders, and third parties has not yet been fully established.

Based on the mechanisms governing the establishment and registration of a limited liability company's (PT) legal status which have undergone changes there are several reasons for these changes, however, these reasons are not explained in detail in the Draft Amendment to the Job Creation Bill (NA RUU Ciptaker) or in other literature. Although the Draft Amendment to the Job Creation Bill does not provide a detailed explanation, this is no coincidence, there are several factors why this is not explained in detail. First, the Draft Ciptaker Law has a broad scope because it employs the omnibus law method, whereby a single law amends dozens of laws simultaneously. In this case, the Draft Ciptaker Law does not focus solely on changes to legal entity status, rather, it focuses more on several aspects considered key policies, such as the simplification of business licensing, investment requirements, and labor regulations. The amendment to Article 7(4) of the UUPT is not viewed as a key policy but rather as a technical consequence of applying a risk-based approach to business licensing, therefore, the changes regarding the acquisition of legal entity status are not explained in detail in the Draft Ciptaker Law[12]. Second, this omnibus law has characteristics that differ from the conventional method of enacting laws, whereas in the conventional method, every amendment to a section of a law is accompanied by a section-by-section explanation, under the omnibus law method, amendments to regulations are consolidated into a single, large-scale legislative document designed to achieve a common objective[12]. Third, this method may shift from enactment to registration because the enactment of this amending law is of a technical and administrative nature rather than a conceptual one. If the substantive requirements for establishing a company such as the notarial deed, the number of shareholders, and the authorized capital remain unchanged, the transition from enactment to registration is considered merely a change in formal procedure that does not require academic debate, however, this view is mistaken, as approval and registration are based on fundamentally different legal concepts. While registration treats the Minister as an administrative official who merely verifies formal completeness, official approval regards the Minister as the competent authority with primary authority to assess the substance and feasibility of the company's establishment[1].

Fourth, the omnibus law approach is often criticized because changes to legal standards are not supported by academically sound legal studies. Experts who have analyzed the Job Creation Bill have stated that the philosophical, sociological, and legal analyses in the draft text of the Job Creation Bill are "highly inadequate," and that the arguments presented are based on relatively weak statistical evidence. The amendment to Article 7, paragraph (4) of the Limited Liability Companies Act (UUPT) is also subject to the same criticism. The omnibus law methodology allows for normative changes to occur without academic support within the relevant legislation. In addition to the issue of weak explanations in the draft Job Creation Bill, these normative changes can also be observed in the dynamics of parliamentary discussions during the drafting of the Limited Liability Companies Act (hereinafter referred to as the RUU PT), the issue regarding the establishment of a limited liability company's legal entity status had already become a point of debate among parliamentary factions, for example, the PDIP Faction proposed that the

provision regarding the acquisition of legal entity status which was originally located in Article 7, paragraph (3) be moved to Article 7, paragraph (4). This shift is not a substantive change, but rather a consequence of the PDIP Faction's proposal to add a new paragraph, namely paragraph (3), which reads: "The provisions set forth in paragraph (2) do not apply in the context of a merger of the Company." Previously, the clause "except in the context of a merger" was inserted directly into paragraph (2). The PDIP Faction believes that this clause is better suited as a separate paragraph so that the structure of the article becomes more systematic, avoids mixing general rules with exceptions, and is certainly easier to understand in legal interpretation. The renumbering of Article 7, paragraph (3), to paragraph (4) was an effort by the PDIP Faction to harmonize legal norms or rules so that the hierarchy between the main provisions, exceptions, and legal consequences would be clearer and more orderly[13].

The PAN Faction proposed a fairly significant change to the wording, while the original text used the phrase "on the date of issuance" of the Ministerial Decree, the PAN Faction proposed replacing the words "on the date" with "after," so that the text would read: "The Company obtains legal entity status after the issuance of the Ministerial Decree on the Ratification of the Company's Legal Entity Status." This proposal by the PAN Faction demonstrates caution in defining the establishment of a PT's legal entity status. By using the word "after," the PAN Faction seeks to emphasize that a PT's legal entity status is not something that automatically attaches on the date the document is issued, but rather a legal consequence that takes effect only after the Ministerial Decree has actually been issued and received by the relevant parties. This is important to avoid multiple interpretations regarding exactly when a PT begins to be recognized as an independent legal entity separate from its founders, as well as to ensure that legal certainty for third parties is truly guaranteed at the appropriate moment. The two proposals the reordering of the clause by the PDIP Faction and the editorial amendment by the PAN Faction are essentially complementary in ensuring legal certainty regarding the acquisition of legal entity status by a PT. The PDIP Faction focused on reorganizing the structure of the articles to make the provisions more structured and easier to understand, while the PAN Faction focused on the precision of the legal wording regarding the moment a limited liability company (PT) acquires legal entity status, so as to avoid ambiguity. Both of these proposals reflect the factions' attention to the importance of the moment a legal entity comes into existence as a critical point that determines the limits of liability for the founders and the PT. When considered within the context of the current Job Creation Law, this same spirit should be maintained, even though the mechanism for obtaining legal entity status has shifted from incorporation to registration, the principle of legal certainty regarding the exact moment when legal entity status arises must remain a priority. Therefore, the systematic arrangement of the articles and the precision of the wording, as proposed by the PDIP and PAN Factions during the deliberation of the Limited Liability Company Bill, should serve as a reference in formulating transitional provisions in the Job Creation Law, to prevent a legal vacuum (gap) that could harm third parties transacting with limited liability companies during the transition period[13].

The proposals from the PDIP and PAN factions indicate that, from the very beginning of the deliberations on the UUPT, the moment of a legal entity's formation has been understood as a crucial issue that determines the limits of founders' liability and the protection of third parties, therefore, changes to the mechanisms in the Ciptaker Law should not disregard the existing academic and historical debates. Although the Draft Amendment to the Job Creation Law does not explain in detail the reasons for the changes to how a limited liability company (PT) obtains legal entity status, the rationale for these changes can be seen in the background of this Draft Amendment. First, the logical application of a risk-based strategy in corporate operations leads to a shift from an approval-based system to a

registration-based system. Prior to the Ciptaker Bill, Indonesia's corporate regulatory structure which was based on licensing procedures had created significant problems for the business sector. This was due to the large number and wide variety of business licenses required, which ultimately led to inefficient and unproductive company operations. Therefore, the government is implementing a risk-based approach, under which low-risk businesses need only register, while high-risk businesses require a license. In this context, a limited liability company (PT) is considered a business that does not pose a high risk to health, safety, security, or the environment, consequently, a PT can obtain legal entity status upon registration[14].

Second, this amendment aims to eliminate the administrative discretion inherent in the approval mechanism, under the UUPT, the Minister has the authority to assess the eligibility and completeness of the requirements for establishing a PT before granting approval, and the Minister may also reject an application for approval if the requirements are not met, therefore, while such authority is intended to protect the public interest, in practice it can create legal uncertainty and open the door to unscrupulous practices. The Explanatory Memorandum to the Job Creation Bill also acknowledges this issue, stating that "this situation is exacerbated by the low quality and consistency of regulations, as well as rampant corruption, which results in high costs for obtaining business licenses." Consequently, the shift from approval to registration can be interpreted as an effort to reduce administrative discretion and create procedures that are more transparent, measurable, and free from corrupt practices[14]. Third, this amendment also aims to expedite the process of establishing legal entities, under the approval mechanism, the Minister is given a maximum of 60 (sixty) days to issue a decision[5]. In practice, this approval process often takes longer than what is stipulated by law, due to several factors, one of which is limited human resources and overly complex procedures. In contrast, this registration mechanism allows for a much faster process because it requires only a formal verification of the completeness of documents, with this registration, business operators can immediately carry out their business activities without having to wait for the lengthy approval process.

Fourth, these changes aim to reorganize governmental authority in the administration of business licensing. The Draft Job Creation Law (NA RUU Ciptaker) explains that the authority of Ministers, Heads of Agencies, Governors, and Regents/Mayors to grant licenses requires a reassessment based on the principle of risk-based business licensing and the application of information technology in the licensing process, in this case, the shift from approval to registration is part of an effort to restore the President's authority as the head of the government, whereby further regulations regarding the establishment of legal entities and their registration are delegated to Government Regulations. The standardization of business licensing and legalization can be electronically integrated into a single window, creating uniform legal certainty nationwide and eliminating regulatory overlaps that have long hindered the efficiency of the investment climate.

Changes in the acquisition of a PT's legal entity status have fundamental legal implications for the structure of legal certainty regarding PTs. First, the most evident legal consequence is a shift in the timing of the establishment of legal entity status which originally occurred upon approval but now occurs upon registration which creates a potential time gap between business activities already underway in the field and the acquisition of the PT's formal legal status. Under the UUPT, legal entity status arose upon the issuance of a Ministerial Decree, thereby providing certainty regarding when a PT began to be recognized as a legal entity, however, under the Job Creation Law, legal entity status is acquired upon registration and the receipt of the registration certificate, this may occur after the articles of incorporation have been drawn up and even after the PT has begun conducting its business activities, this creates a legal gap, whereby legal acts performed in the name of the PT prior

to obtaining the proof of registration remain in a state of legal uncertainty. In this case, the shares, as legal entities, have not yet come into existence and do not possess full legal force, consequently, all agreements regarding the shares are only binding under civil law between the parties and do not yet give rise to corporate legal consequences[1].

Second, the burden of verification has shifted from ex-ante substantive review by the state to formal administrative verification in the form of self-assessment by the founder or notary, as a result, inaccurate data risks slipping into the list of limited liability companies without adequate substantive review, This occurs because the automated registration system only validates the completeness of document formats (check-the-box) without verifying the substantive accuracy of the entered information, thereby leaving a wide legal loophole for the entry of legally flawed data or false identities, which could ultimately undermine public trust in the validity of data within the Legal Entity Administration System. Third, the separation of a PT's assets and limited liability only takes full effect upon the issuance of the registration certificate, thus, during the pre-registration period, founders and directors cannot fully rely on this protection, This creates a protection gap during the transition period, founders are often lulled into a false sense of security, even though their personal assets remain vulnerable to lawsuits or legal obligations arising before the legal entity's status is officially recognized by the state. Fourth, there is uncertainty regarding the validity of legal relationships prior to obtaining legal entity status, as well as the risk of personal liability and joint and several liability for directors as stipulated in Article 14 of the Limited Liability Companies Act, because the pre-legal-entity period may be prolonged due to administrative factors, when technical or administrative delays occur, all legal acts performed by the directors are personally binding (joint and several liability), This not only imposes a heavy personal financial risk on the directors but also confuses third parties entering into transactions when determining which legal entity is legally liable.

Legal protection for third parties in the change of legal status of a PT can be analyzed using the theoretical framework of legal protection proposed by Moch. Isnaeni, which distinguishes between internal protection and external protection[15]. Internal protection is protection created by the parties themselves through clauses in the agreement, which allows third parties to actively establish mechanisms to safeguard their rights and obligations in the face of pre-legal entity risks, such as requesting that the founders provide personal guarantees or stipulating a condition precedent that the new agreement takes effect only after the PT obtains legal entity status, whereas external protection stems from statutory provisions, which are normatively based primarily on Article 7(4) of the Limited Liability Companies Act (UUPT), which affirms that a PT acquires legal entity status upon registration, thus, prior to such registration, shares do not yet exist as transferable legal objects, and transactions conducted before the PT attains legal entity status give rise only to obligatory relationships in the form of conditional obligations, not a legal transfer of rights. These protections work together to provide legal certainty and equal justice for third parties transacting during the transitional phase of a PT's legal entity status[16].

External protection for third parties is also provided through the mechanism whereby the PT assumes the rights and obligations after obtaining legal entity status, as stipulated in Article 13 of the Limited Liability Companies Act, which requires a resolution of the first General Meeting of Shareholders no later than 60 days after the PT becomes a legal entity to expressly accept or assume the legal acts performed by the prospective founders. Meanwhile, Article 14(2) of the UUPT stipulates that legal acts performed by the founders on behalf of a PT that has not yet obtained legal entity status are the personal responsibility of the founders and are not binding on the PT, thus, third parties who enter into transactions without regard to the legal entity status face the risk that liability is limited to the founders' personal assets. According to Moch. Isnaeni, to ensure that transactions conducted under the

status of a transitional legal entity do not result in losses that cannot be borne by third parties acting in good faith, it is believed that effective legal enforcement for third parties requires a balance between the strictness of the contractual provisions enforced by the parties themselves and the certainty of legal norms consistently upheld by notaries and judges[11]. Internal protection is the primary means for third parties to safeguard their interests through contracts, while external protection serves as a safeguard when internal protection fails. The shift from an authentication system to a registration system weakens the state's initial verification and shifts part of the burden of scrutiny to third parties, therefore, external protection must be strengthened for example, through clear transitional provisions regarding the legal consequences of acts taken before registration evidence is issued, as well as the obligations of founders and notaries to disclose the corporation's legal status to prospective partners.

Based on Gustav Radbruch's legal theory, the shift in the mechanism for obtaining legal entity status for a PT from incorporation to registration creates a tension between the values of convenience and legal certainty, Gustav Radbruch's theory outlines three fundamental legal values. on the one hand, the electronic registration system is oriented toward achieving the values of utility and distributive justice for business entities particularly PTs so they can promptly obtain legal status and conduct their business activities efficiently without lengthy bureaucratic hurdles, however, on the other hand, this procedural simplification risks compromising formal legal certainty, given that the self-assessment registration system based on administrative verification (check-the-box) does not verify the substantive accuracy of the articles of incorporation. This legal uncertainty arises during the transitional period (pre-incorporation gap), which is the time interval between the signing of the articles of incorporation before a notary and the issuance of the electronic registration certificate by the system. Under Article 14 of the Limited Liability Companies Act, legal acts performed by officers or founders during that time period have not yet given rise to full corporate legal consequences, thereby imposing personal and joint and several liability. This demonstrates that a registration-only system, if not supported by a reliable and valid data system, actually creates legal loopholes that harm stakeholders and blur the boundaries of civil liability.

The shift in the mechanism for acquiring legal entity status for a PT in Indonesia from incorporation to registration indicates a convergence with the Singaporean and British models, however, fundamental differences remain regarding legal nature, the role of notaries, and third-party protection. Following the enactment of the Job Creation Law, the legal entity status of a PT in Indonesia is established upon registration and the issuance of an official document, in line with the constitutive principle adopted by Singapore and the United Kingdom. Singapore, pursuant to Section 19 of the Companies Act 1967, stipulates that a PT's legal entity status is acquired on the date specified in the notice of incorporation issued by ACRA[17]. The United Kingdom adopts the same principle through Section 15 of the Companies Act 2006, which states that the certificate of incorporation issued by Companies House constitutes "conclusive evidence"[18]. In Indonesia, following the amendment to Article 7(4) of the Limited Liability Companies Law (UUPT), the acquisition of legal entity status for a PT functionally follows the same principle: legal entity status is acquired upon registration and receipt of proof of registration. The Minister no longer assesses substantive eligibility but merely verifies formal completeness[17].

Although the process of obtaining legal entity status in Indonesia may appear similar to that in Singapore and the United Kingdom, it is actually different. In Singapore and the United Kingdom, legal entity status can be obtained by registering online via the BizFile+ portal in Singapore and the GOV.UK portal in the United Kingdom and upon registration, applicants receive an official letter or document confirming their legal entity status [19,20].

Although legal entity status in Singapore and the United Kingdom is granted upon registration, the actual acquisition of legal status for a PT in those countries occurs at the time of incorporation, a PT that has registered and met the specified requirements will immediately receive an official letter from the government, whereas in Indonesia, the process is not much different from registering online through the Directorate General of AHU Online portal (Indonesian Ministry of Law), and after completing registration and automatically receiving proof of registration, the PT has already obtained legal entity status. Thus, in Indonesia, a PT obtains legal entity status at the time of registration, not upon ratification as is the case in Singapore and the UK.

In Singapore and the United Kingdom, notaries are not required to be involved, founders can register directly through an electronic system, and the registration authority only verifies that the formal requirements are met. Indonesia also follows the same approach for general limited liability companies (PT), but a notarial deed remains a requirement for incorporation, therefore, Indonesia is in a transitional phase where the role of notaries is not entirely eliminated, yet they are not granted full attributive authority, according to Moch. Isnaeni. External protection for third parties in Singapore and the United Kingdom stems from the principle of publicity through open registries, BizFile+ in Singapore and Companies House in the UK, which allow real-time access to company data, as well as the doctrine of conclusive evidence that protects third parties relying on the contents of the certificate of incorporation[19,20]. Meanwhile, internal protection is available through the parties' freedom to govern liability in a pre-incorporation contract, as provided in Section 51 of the Companies Act 2006. Indonesia itself strengthens external protection through the principle of publicity under Article 29 of the Limited Liability Companies Law, however, access to limited liability company data still faces technical obstacles, so external protection cannot yet be fully relied upon, and the safeguarding of third-party interests shifts to internal protection in the form of contractual clauses, while Article 1365 of the Civil Code, piercing the corporate veil, and ostensible authority serve as mechanisms for external protection when internal protection fails[21,16].

Indonesia has now begun moving toward a registration-based constitutive model similar to those in Singapore and the United Kingdom. However, there are three critical points to note: First, Indonesia has not yet fully phased out the role of notaries, which could potentially lead to ambiguity regarding responsibility for the substantive quality of deeds. Second, the infrastructure for publishing corporate data is not as robust as that in Singapore or the United Kingdom, so the principle of publicity cannot yet be fully realized. Third, the absence of detailed provisions regarding the transfer of directors' responsibilities at the time of registration could create a legal loophole concerning the status of legal acts before registration is completed, therefore, the shift from notarization to registration is an appropriate step in the context of efficiency, however, to ensure legal certainty and the protection of third parties, Indonesia needs to strengthen its corporate data disclosure infrastructure, clarify the responsibilities of notaries, and consider explicit regulations regarding the transfer of directors' responsibilities at the time of registration.

The findings of this study can also be compared to the research by Wijaya, Efendi, and Noor, which examined the due diligence conducted by notaries before and after a company's listing on the capital market. The similarity lies in the notary's role as a public official who guarantees the formal and substantive validity of a deed and, through this, legal certainty. Wijaya et al. emphasize that notaries must ensure that the content, intent, and purpose of a deed are accurate and in accordance with the law and the code of ethics, which aligns with the findings of this study that, within the registration system, the substantive quality of deeds and the data entered into the Legal Entity Administration System depends more on notaries and the founders. Both studies also emphasize transparency as a form of protection for third

parties and investors, in the study by Wijaya et al., the principle of transparency maintains public trust and prevents fraud in the capital market, whereas in this study, the publication of the list of limited liability companies (PT) pursuant to Article 29 of the Limited Liability Companies Act (UUPT) serves as the basis for external protection for third parties. Furthermore, this study notes that in Anglo-Saxon countries, notaries do not function as drafters of deeds, which aligns with the comparative analysis in this study showing that Singapore and the United Kingdom do not require the involvement of a notary[22].

The two studies differ in terms of their subjects, methods, and focus. Wijaya et al. examined companies that already had legal entity status and were planning to go public, consequently, the due diligence conducted by notaries pertained to the preparation of public offering documents, amendments to the articles of association, and compliance with the Capital Markets Act. The methodology they employed combined normative analysis with an empirical approach involving legal and financial experts [22]. They also noted that the Notary Law does not explicitly stipulate sanctions for specific violations, whereas the Capital Market Law provides for both administrative and criminal sanctions. In contrast, this study examines an earlier stage namely, the acquisition of legal entity status at the time of incorporation using legislative, historical, and comparative approaches, and demonstrates that the responsibilities of notaries and directors during the pre-registration period still require explicit regulation, therefore, this study complements the research conducted by Wijaya et al. by demonstrating that the role of notaries is also crucial during the incorporation stage, before a company enters the capital market.

This study is limited to a normative analysis of legal materials, it therefore does not examine how the registration system and notarial practice operate empirically, for example through interviews or case data. The comparison is limited to Singapore and the United Kingdom, and the analysis of the implementing regulations (Minister of Law Regulation No. 49 of 2025 and No. 14 of 2026) is limited to their normative provisions. These boundaries are consistent with the aims of this study, which concern the ratio legis and the normative consequences of Article 7(4), future research may complement them with empirical studies and court decisions.

CONCLUSION

This study concludes that the ratio legis of the amendment to Article 7(4) of the Limited Liability Companies Act, which shifts the acquisition of legal entity status from ministerial ratification to registration, rests on four reasons, the risk-based licensing approach, the elimination of the Minister's administrative discretion, the acceleration of the establishment of a PT, and the reorganization of government licensing authority. However, these reasons are not explained in detail in the Academic Paper of the Job Creation Bill, so the ratio legis remains academically weak. This is a consequence of the omnibus law method, which views such changes merely as technical implications rather than as fundamental shifts in policy.

The amendment affects legal certainty and the protection of third parties in three ways: it creates a time gap between business activities and the issuance of proof of registration, it shifts verification from substantive state review to formal administrative checks, and it exposes founders and directors to personal and joint and several liability under Article 14 of the Act during the pre-registration period. Third parties are protected through internal protection (contractual clauses) and external protection (Articles 13, 14, and 29 of the Act and Article 1365 of the Civil Code). Compared with Singapore and the United Kingdom, Indonesia also adopts a constitutive registration model, but it still requires a notarial deed and has a less robust public data system. Therefore, Indonesia needs to strengthen public data disclosure, clarify the responsibilities of notaries, and explicitly regulate transitional

provisions on the legal consequences of acts performed before proof of registration is issued, including the transfer of directors' responsibilities upon registration.

Conflict of Interest The authors declare no conflict of interest.

REFERENCES

[1] Cholil, M., & Pertiwi, D. S. (2026). "Keabsahan Akta Jual Beli Saham Perseroan Terbatas yang belum memperoleh Status Badan Hukum *The Validity Of A Share Purchase Agreement For A Limited Liability Company That Has Not Yet Obtained Legal Entity Status*." Jurnal Hukum Lex Generalis, Vol. 7, No. 4, 2026.

[2] Undang-Undang Nomor 6 Tahun 2023 tentang Cipta Kerja, Lembaran Negara Republik Indonesia Tahun 2023 Nomor 41,Tambahan Lembaran Negara Republik Indonesia Nomor 6573.

[3] Radith Prawira Adriadi, Shandy Aditya Pratama, Aufi Qonitatus Syahida, Perubahan Pengaturan Pendirian Perseroan Terbatas dalam Undang-Undang Nomor 40 Tahun 2007 Pasca Diundangkannya Undang-Undang Nomor 11 Tahun 2020, Indonesian Notary Vol. 3 No. 2,2021. https://scholarhub.ui.ac.id/notary/vol3/iss2/6

[4] Supriyatin, U., & Herlina, N. (2020). Tanggung jawab perdata perseroan terbatas (PT) sebagai badan hukum [*Civil liability of a limited liability company (PT) as a legal entity*]. *Jurnal Ilmiah Galuh Justisi*, 8(1), 127–144. https://doi.org/10.25157/justisi.v8i1.3326

[5] Undang-undang No. 40 Tahun 2007 tentang Perseroan Terbatas, Lembaran Negara Republik Indonesia Tahun 2007 Nomor 106, Tambahan Lembaran Negara Republik Indonesia Nomor 4756.

[6] Kementerian Hukum RI, 'Jumlah Perseroan yang Sudah Terdaftar di Provinsi', *Portal Data Kementerian Hukum Indonesia*, 15 Juni 2026, https://portal-data.kemenkum.go.id/dataset/jumlah-perseroan-yang-sudah-terdaftar-berdasarkan-provinsi/resource/8cb9169b -8333-41ad-9c58-6f67ca095712/view/0ba4f8b8-b3e3-4cf0-9458-db9b166a3f5f

[7] Marzuki, P. M. (2013). *Penelitian Hukum* (Ed. Rev.). Kencana Prenada Media Group.

[8] Ramadhan, Muhammad Syahri, dan Sarah Shalsabila. "Kepastian Hukum Pemberian Perizinan Terintegrasi Melalui Online Single Submission (OSS) Sehubungan dengan Pendaftaran Badan Usaha Secara Elektronik." *Jurnal Hukum Iustum Est*, vol. 28, no. 2, 2021.

[9] Ramlan. (2025). Limited liability company individuals are quasi legal entities in the concept of legal entities in Indonesia. De Lega Lata: Jurnal Ilmu Hukum, 10(2), 254–264. https://doi.org/10.30596/dll.v10i2.25297

[10] Peraturan Menteri Hukum Republik Indonesia Nomor 49 Tahun 2025 tentang Syarat dan Tata Cara Pendirian, Perubahan, dan Pembubaran Badan Hukum Perseroan Terbatas, Berita Negara Republik Indonesia Tahun 2025 Nomor 1076.

[11] Peraturan Menteri Hukum Republik Indonesia Nomor 14 Tahun 2026 tentang Tata Cara Pengumuman Perseroan Terbatas dalam Berita Negara Republik Indonesia dan Tambahan Berita Negara Republik Indonesia dan Pengumuman Yayasan dalam Tambahan Berita Negara Republik Indonesia, Berita Negara Republik Indonesia Tahun 2026 Nomor 583.

[12] Mahkamah Konstitusi Republik Indonesia. Risalah Sidang Perkara Nomor 91/PUU-XVIII/2020, 103/PUU-XVIII/2020, 105/PUU-XVIII/2020, 107/PUU-XVIII/2020, 4/PUU-XIX/2021, 6/PUU-XIX/2021, Perihal Pengujian Formil dan Materiil Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja terhadap Undang-Undang Dasar Negara Republik Indonesia Tahun 1945, Acara: Mendengarkan Keterangan Saksi Presiden (X) dan (XI). Jakarta: Mahkamah Konstitusi RI, 23 September 2021.

[13] Dewan Perwakilan Rakyat Republik Indonesia, (2007), Daftar Inventarisasi Masalah (DIM) Rancangan Undang-Undang tentang Perseroan Terbatas, Sistem Informasi Kearsipan DPR RI, diambil dari Arsip Legislasi UU No. 40 Tahun 2007 tentang Perseroan Terbatas https://www.dpr.go.id/dokumen/arsip/arsip-legislasi/detail/183

[14] Naskah Akademik Rancangan Undang-Undang Cipta Kerja.

[15] Ayuningutami, P. I. & Suryono, A., Perlindungan Hukum Bagi Pihak Pemegang Hak Sub Lisensi Terhadap Wanprestasi Dalam Perjanjian Kerjasama Penyiaran (Studi Putusan Nomor 08/Haki.Hak Cipta/2015/PN.Niaga.Sby). *Jaksa: Jurnal Kajian Ilmu Hukum dan Politik*, Vol. 2, No. 2, 2024.

[16] Moch. Isnaeni, Pengantar Hukum Jaminan Kebendaan (Surabaya: PT Revka Petra Media, 2016)

[17] Singapore Companies Act 1967.

[18] UK Companies Act 2006

[19] Accounting and Corporate Regulatory Authority, "BizFile+," https://www.bizfile.gov.sg

[20] UK Companies House, "Register a company," https://www.gov.uk/limited-company-formation

[21] Burgerlijk Wetboek

[22] Wijaya, Y., Efendi, A., & Noor, A. M. (2025). Due diligence notary practices before and after the company's capital market listing as a legal entity. Equalegum International Law Journal, 3(3). https://doi.org/10.61543/equ.v3i3.160

Copyright and Grant the Journal Right under Creative Commons Attribution-ShareAlike 4.0 International License.

Copyright @ 2022 SYNTIFIC PUBLISHER