

Guide to Beneficial Ownership Information: Legal Entities and Legal Arrangements

The purpose of this country-specific guide is to provide assistance to investigators on the type of information that is available on the natural persons who control legal persons and arrangements, such as companies and trusts, or otherwise play an important role in a legal person and arrangement in **Indonesia**, and the conditions that need to be met to be able to access such information. For ease of reference, the Contents of the guide are listed below.

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I. Definitions and Company Formation Process

1. What is the definition of legal ownership in Indonesia?

According to Article 7 of the Law No. 40 Year 2007 on Limited Liability Company (LLC), a company shall be established by 2 (two) or more persons (natural or legal person) based on a notarial deed. Each founder of the Company is obliged to subscribe shares upon the establishment of the Company. The legal owners of this company are the shareholders of the company. The shareholders cannot be held personally liable for the company's debt or liabilities.

2. What does "beneficial ownership" mean in Indonesia?

There are several definitions of '*beneficial ownership*' in Indonesia:

- Concerning **Banks**, the Bank Indonesia Regulation No. 14/27/PBI/2012 concerning Implementation of Anti Money Laundering and Combating the Financing of Terrorism Program for Commercial Bank defines the *beneficial owner* as any person who:
 - a. ultimately owns fund at the Bank;
 - b. controls customer transaction;
 - c. confer power of attorney with regards to engaged transaction;
 - d. controls through a legal person; and/or
 - e. ultimately controls a transaction conducted over a legal person or an agreement.
- For the **Payment System**: Article 1 point 11 on Bank Indonesia Regulation No.14/3/PBI/2012 concerning The Anti-money Laundering and Prevention of Terrorism Financing Program for Payment System Service Providers Other Than Banks defines *beneficial owner* as any natural person who holds funds, controls the transactions of a Service User, issues authorization for a transaction to take place and/or exercises control through a legal entity or under an agreement.
- For **Non-Bank Financial Services**: Article 1 point (7) Ministry of Finance Regulation No. 30/PMK.010/2010 on Know Your Customer in Financial Services Non-Bank defines *beneficial owner* as every person who own the fund, control the customer transaction, authorize the transaction (as principal) and/or who has control through legal person or agreement.
- Concerning the **Capital Market Sector**, Article 1 point 10 Financial Services Authority Regulation No. 22/ POJK.04 / 2014 on Know Your Customer Principles by the Financial Services Provider in the Capital Market defines *beneficial owner* as every person who, directly or indirectly, by agreement or by any means:
 - a. is entitled to and / or receive certain benefits associated with
 - i. Securities account in a Financial Service Provider in Capital Market Sector; or
 - ii. the business relationship with the Financial Service Provider in Capital Market Sector;
 - b. is the actual owner of the funds and/or securities in the Financial Service Provider in Capital Market Sector (ultimate account owner);
 - c. controls a customer's transaction;
 - d. giving authority to conduct transactions;
 - e. controls of non-individual customer.

Other definitions are also available in tax regulations, for the pawning system or the postal system.

3. How are legal entities (companies, partnerships, foundations, etc.) formed in Indonesia?

Limited Liability Company

LLCs are regulated by Law No. 40 Year 2007. The Law provides for the following process for the formation of a Limited Liability Company:

- a. The company is established by 2 or more persons based on a notarial deed. Each founder of the company is obliged to subscribe shares upon the establishment of the company.
- b. The deed of establishment sets forth articles of association and other information, which at least contains the identity of the founders, the board of directors, the board of commissioners, and the detail of the shares number and the holder.
- c. The founders of the company submit an electronic application to the Ministry of Law and Human Rights. The application consists in a form, which contains information on the name, address, term of establishment, purpose, and domicile of the company, amount of authorized capital, issued capital, and paid capital.
- d. The completed application must be submitted to the Ministry not later than 60 days as of the signing date of the deed of establishment.
- e. If all requirements have been fully fulfilled, the Minister issues a decree regarding the ratification of the Company as a legal entity which is signed electronically within 14 days. The company receives the status of a legal entity.
- f. If the application is not submitted within the 60-day period as referred above, the deed of establishment is void as from the lapse of such period and the company which does not yet have legal entity status is dissolved by operation of law.

Foundations

The basic regulation for Foundation is Law No. 16 Year 2001 as amended by the Law No. 28 Year 2004. It provides for the following process for the formation of foundations:

- a. The establishment of a foundation requires one person or more agreed to separate part of their assets and contribute it as the founding assets. This establishment shall be made in notarial deeds.
- b. Foundations may be established under wills:
 - i. In making notarial deeds for foundations, the founders may be represented by other person under the power of attorney;
 - ii. Where the establishment of foundations is made under wills, the heirs shall act representing the testators.
- c. The establishment deeds contain the articles of association and other information deemed necessary.
- d. The founders (or their proxies) submit the application to the Ministry of Law and Human Rights at the latest 10 days after the signature of the establishment deeds.
- e. While reviewing the application, the Minister may request advice from the relevant agencies at the latest 7 days after the full application is received. The consulted agencies should reply within 14 days.
- f. The validation of the application is be granted or refused by the Minister at the latest 30 days after the submission of the full application.
- g. Where the application is refused, the Minister must notify the applicant in writing on the refusal of the validation together with the reason thereof. The reason of refusal shall be in accordance with the Law;

Associations

Associations are regulated by the *Netherland-Indische Staatblaads* Number 64 Year 1870 and the Law No. 17 Year 2013 on Public Organizations. It provides for the following process for the formation of associations:

- a. Associations are established and formed by a voluntary community based on shared aspirations, desire, need, interests, activities, and goals to participate in development of public. The nature of associations are voluntary, social aspect, independent, nonprofit, and democratic;
- b. Requirements of establishment of association are:
 - i. A deed issued by the public notary that contains the internal statute and work program;
 - ii. Sources of funding;
 - iii. Certificate of domicile;
 - iv. Tax number on behalf of the association;
 - v. A statement that the association is not in a dispute or in a case at the court
- c. The establishment of associations is registered to the Ministry of Law and Human Rights to receive legal entity status from the Minister

4. What is the role of Company Registries in Indonesia?

The Ministry of Law and Human Rights of the Republic of Indonesia has authority for the registration of the establishment of Limited Liability Companies, Foundations, and Associations. According to the law, the Ministry has the authority to arrange the legal administration process for establishing and managing data record of legal entities, including the modification of management structure of the legal entities.

The registration of the legal entities at the Ministry of Law and Human Rights of the Republic of Indonesia uses an internet online system called "AHU-Online" (<http://www.ahu.go.id>) for the submission of applications.

In accordance with the law, the Ministry of Law and Human Rights validates and verifies the information submitted along with an application:

- a. All the information filled in the system should be supported by documents;
- b. The statement of the applicant(s) that s/he provides the true information and will be responsible if any false information or if any information against the law is found¹;
- c. The statement of the Notary that ensures the substance of the requirement documents.

However, under Article 16 Minister Regulation Number 4 Year 2014, Ministry will validating the information as mentioned in Article 13 para 3 point b, and if any false information or suspected against the law, Minister have authority at any time to withdraw the decree.

5. How is basic information on legal entities obtained and recorded in Indonesia?

Limited Liability Company

¹ Article 16 of the Minister Regulation Number 4 Year 2014 authorises the Minister to withdraw the decree providing legal entity status if any false information or any information suspected to be against the law is submitted to support an application.

The Companies List and Database is maintained by the Ministry of Law and Human Rights. They contain the following information:

- a. the name, address, and purpose of the company, objectives and business activities, period establishment, and asset of the company;
- b. full address of the company;
- c. registration number and date of the establishment deed and ministerial decrees concerning the establishment of company;
- d. registration number and date of the establishment deed and ministerial decrees concerning the revised/amendment of Statute of Company, for special revised as mentioned under Article 23 paragraph (1) of the Law No. 40 Year 2007 on LLC;
- e. registration number and date of the establishment deed and ministerial notification concerning the revised/amendment of Statute of Company, for general revised as mentioned under Article 23 paragraph (2) of the Law No. 40 Year 2007 on LLC;
- f. information related to the name and domicile of the notary who made the deed and deed of revised/amendment;
- g. detailed information (*i.e.*, full name, place and date of birth, occupation, address and nationality) relating to the shareholders, board members, and members of the board commissioners of the company;
- h. number and date of the deed of dissolution or number and date of court order on the dissolution of the Company which has been notified to the Minister;
- i. the expiration of the legal entity status of the company;
- j. the balance sheet and income statement of the relevant financial year for the company that must be audited by public auditor.

This information is either directly filled by the applicant or submitted by the company (or the applicant before is company is formed) to the Ministry upon request.

Access to the Companies List and Database is open to the public, provided that they be granted a company profile, and to law enforcement authorities.

Foundations

The Foundations List and Database (*'Data Yayasan'*) is maintained by the Ministry of Law and Human Rights. They contain the following information:

- a. Foundation's name, purpose (foundation profile), objectives and social activities, and minimum assets of foundation which separate with the individual assets;
- b. Full address of the foundations;
- c. Registration number and date of the establishment deed and ministerial decrees concerning the establishment of foundations;
- d. Detailed information (name, address, occupancy, date and place of birth, and nationality) on the founder(s), advisory, caretaker, and supervisor of the foundation.

This information is either directly filled by the applicant or submitted by the foundation (or the applicant before is foundation is formed) to the Ministry upon request.

Access to Foundations List and Database is limited to the public, provided that they have an interest, and to law enforcement authorities.

Associations

The Associations List and Database (*'Data Perkumpulan'*) is maintained by the Ministry of Law and Human Rights. They contain the following information:

- a. The deed issued by the public notary that contains the internal statute and work program;
- b. The sources of funding;
- c. The certificate of domicile;
- d. The tax number on behalf of the association;
- e. A statement which waiver from dispute management, or in the case in court

Access to Associations List and Database is limited to the public, provided that they have an interest, and to law enforcement authorities.

Bank Indonesia Regulation No. 14/27/PBI/2012 on Implementation of Anti Money Laundering and Combating the Financing of Terrorism Program for Commercial Bank requires banks to perform Customer Due Diligence (CDD) when establishing business relationship with prospective customers:

- a. Banks are required to request information that would enable them to identify the profile of the prospective customer;
- b. The identity of the prospective customers must be proven by the presentation of supporting documents. Banks verify the validity of supporting documents presented;
- c. Banks are required to conduct a face-to-face meeting with the prospective customer at the start of a business relationship in order to ascertain the accuracy of the identity of the prospective customer.

Banks, then shall identify and classify the prospective customers into groups of natural persons, legal persons, or beneficial owners. If the prospective customer classified as a politically exposed person, the Banks are required to do Enhanced Due Diligence (EDD) which is a more comprehensive than CDD.

6. How are legal arrangements (express trusts and trust-like agreements) formed in Indonesia?

Trusts are not allowed under Indonesian law.

7. How is information on legal arrangements obtained and recorded in Indonesia?

Trusts are not allowed under Indonesian law.

II. Types of Legal Entities

There are many types of legal entities able to be formed in **Indonesia**. This Guide will provide information on three commonly used entities:

Limited Liability Company

What is the minimum number of natural persons required for formation?	2	
	Yes	No
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)		X
Is there a residency requirement for directors?	X	
Are bearer shares/share warrants permitted?		X
Is a Trust and Company Service Provider required to form?*	X	
Is a registered agent in the jurisdiction of formation required?		X
Is the entity required to hold financial account(s) in jurisdiction of formation?	X	
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?	X	
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?		X
If so, are they required to disclose their status as nominee shareholders?		
If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		

*Notaries public are not subject to anti-money laundering obligations, including customer due diligence. However, according to the Law No. 3 Year 2014 on Notary Officials, the Notary has an obligation to be trustworthy, honest, carefully, independent, neutral, and protect the interest of the parties involved in the legal conduct.

Foundation

What is the minimum number of natural persons required for formation?	2	
	Yes	No
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)		X
Is there a residency requirement for directors?	X	
Are bearer shares/share warrants permitted?		X
Is a Trust and Company Service Provider required to form?*	X	
Is a registered agent in the jurisdiction of formation required?		X
Is the entity required to hold financial account(s) in jurisdiction of formation?		X
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?	X	
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?		X
If so, are they required to disclose their status as nominee shareholders?		

If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
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Association

What is the minimum number of natural persons required for formation?	2	
	Yes	No
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)		X
Is there a residency requirement for directors?	X	
Are bearer shares/share warrants permitted?		X
Is a Trust and Company Service Provider required to form?*	X	
Is a registered agent in the jurisdiction of formation required?*		X
Is the entity required to hold financial account(s) in jurisdiction of formation?		X
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?		X
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?		X
If so, are they required to disclose their status as nominee shareholders?		
If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		

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III. How to Access Information

This guide will address the ability to access information on entities formed in **Indonesia** available in **1) registries** and **2) other channels**.

Registries

The registry in **Indonesia** is called the Companies/Foundations/Associations List and Database.

Contact information for the registry is provided here:

Point of Contact:

Name : Daulat Pandapotan SILITONGA / Director
Agency : Directorate of Civil Law, Directorate General for Legal Administrative Affairs of the Ministry of Law and Human Rights of the Republic of Indonesia
Address : Jl. H.R. Rasuna Said Kav. C-5, Ex-Mulia Building, 17th Floor, Jakarta 12940 INDONESIA
Phone/fax : +62 21 522 1615
Email : subdithpu@gmail.com

Online access to the Companies/Foundations/Associations List and Database is limited to the submission of applications.

Information recorded in the Companies List and Database is available online (for a nominal fee). Information on Associations and Foundations is only available through another form of public access (*i.e.*, persons must justify of a specific interest).

All law enforcement authorities can access all information on legal entities held by the Company Registry. KPK (Indonesia Anti-Corruption Commission), the National Police and the FIU have a direct connection to the company registry database. Other law enforcement agencies/institutions may have access to the company registries in context of a judicial investigation upon request.

Registry update

Registry have no sanction/enforcement powers to ensure that the data provided to the register is correct. However the conduct of providing false statement/ information in an authentic deed is a forgery and a violation of Indonesian criminal code.

Changes in the following elements require the approval from the Minister of Law and Human Rights:

- a. name and/or domicile of the company;
- b. purposes and objectives as well as business activities of the company;
- c. period of incorporation of the company;
- d. amount of authorized capital,
- e. reduction of issued and paid-up capital;
- f. change of the status of the company from private company to issuer or otherwise.

Once approved, the company registry is updated. Changes of any other information/elements of a company are notified to the Minister, but do not trigger any update of the company registry.

	Online Access (free or for nominal fee, no log-in requirements) ²	Other Public Access (available in person only or via pre-registration requirement) ³	Law Enforcement Access only	For Information/ documents accessible only by Law Enforcement, please describe how an investigator may access information
Name of Legal Entity	X	X	X	
Entity Number (if any)			X	
Type of Legal Entity	X	X	X	
Date of Incorporation			X	
Current Status (active, etc.)	X	X	X	
Principal Address of Business				
Principal Purpose of Business	X	X	X	
Registered Capital			X	
Registered Agent Information			X	According to Indonesian Law, the formation of legal entities is not involving agent, but the Notary Public
Officer/ Director Information (incl. power of representation)			X	
Shareholder/ Member Information			X	
Memorandum			X	
Articles of Incorporation			X	
Application/ Certificate of Formation			X	
Annual/ Biennial Reports	X	X	X	Also published in National newspaper only for Public company
Shareholder Register			X	
Register of Charges			X	
Bank Account Information			X	
Payment Records			X	
Historical Documents (example: past annual filings)			X	

² For companies.

³ For associations and foundations.

Other Channels

The explanation below outlines the channels by which foreign authorities may obtain information on legal entities, legal arrangements, or relevant persons from different sources in **Indonesia**.

Channels through which foreign authorities may obtain information

Legal entities/ Relevant Individuals (directors, shareholders, managers, associates, family members, etc.)

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with relevant Individuals		X		X		
Records/ documents	X		Foreign Competent Authority may obtain information on legal entities, legal arrangements, or relevant persons, through the channel of Exchange of Information (EOI) based on the existing Tax Treaty, Tax Information Exchange Agreement (TIEA), and Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC).	X		

Legal arrangements/ relevant individuals (trustees [nonprofessional], settlers, beneficiaries, protectors, etc.)

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with relevant Individuals	NA. Trusts do not exist in Indonesia.					
Records/docum ents						

Financial Institutions

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with personnel		X		X		
Accounts records/ documents	X		In general, the Indonesia Financial Intelligence Unit (PPATK) can share information on the profile, financial data, assets, and other related information on companies with foreign FIUs. In relation to	X		

			Financial Institution information, Indonesia Financial Services Authority (OJK) can provide information on account records/ document or manage an interview as requested by foreign authorities in accordance to matters allowed by the law.			
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Trust and Company Service Providers

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with personnel			See information on notaries public below.			
Accounts records/ documents						

Other Designated Non-Financial Businesses and Professions

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with personnel		X		X		
Accounts records/ documents		X	Notaries Public cannot disclose the information in the deed of company formation, unless there is a court order.	X		

IV. Other Useful Sources of Information

Resource Name	Web Link
Company Registry	http://ahu.go.id/profil-pt
The Company Registry gathers information on companies. It is accessible online to the public for the payment of a fee.	