

**MANDATORY REGULATION TO REPORT THE  
BENEFICIAL OWNER OF LIMITED LIABILITY COMPANY:  
*New Development of Implementing Presidential Regulation No. 13  
year 2018***

**THE ENACTMENT OF THE LAW**

On March 5, 2018, the government has enacted the mandatory regulation to obligate every legal entity to declare the identity of beneficial owners under the Presidential Regulation No. 13 year 2018 regarding the Implementation of the Principle on Recognizing Beneficial Ownership of Corporations in the Framework of the Prevention and Eradication of Money Laundering and Criminal Acts of Terrorism Financing (March 5, 2018) ("Regulation").

**THE PURPOSE OF THE LAW**

This Regulation is part of the Indonesian government's new disclosure regime to create more transparency in the ownership of business entities and to monitor and control the entities, as well as to reduce opportunities for the misuse of such legal entities for illicit purposes such as money laundering, terrorism financing, tax evasion and corruption.

**CLIENT  
ALERT**

**IMPLEMENTATION OF BENEFICIAL OWNERS  
REPORTING**

Eventhough it's not new, however the government just got ready with beneficial ownership registration tools by recently. The Ministry of Law and Human Rights ("MOLHR"), through its online administration system ("SABH" or "MOLHR System"), recently started implementing this reporting obligation prior furnishing any approval/notification receipt applications submitted by the notaries towards any application of incorporations, amendments of the articles of association, and changes of directors/commissioners of the companies.

Given to MOLHR approval needs, the companies through notaries require to follow the procedures and fill in the required information of beneficial owners under MOLHR system. Thus, in practice, the notaries will fill the required information regarding beneficial owners according to statement letter from the director of company confirming the truth of the beneficial owner information submitted.

**DEFINITION AND CRITERIA OF BENEFICIALS OWNERS**

The beneficial owner of a limited liability company is defined as an individual who:

1. holds more than 25 percent of the shares in the limited liability company as stated in the articles of association;
2. has more than 25 percent of the voting rights in the limited liability company as stated in the articles of association;
3. receives more than 25 percent of the annual income or profit earned by the limited liability company;
4. has the authority to appoint, replace or dismiss members of the board of directors and/or board of commissioners;
5. has the authority or power to influence or control the limited liability company without obtaining authorization from any party;
6. receives benefits from the limited liability company; and/or
7. is the true owner of the source of funds for the company's shares.

**DICLOSES INFORMATION OF BENEFICIAL OWNERS**

Information to be collected and disclosed must include the following:

- (1) the full name of the beneficial owner;
- (2) the identity number, driver's license or passport number of the beneficial owner;
- (3) place and date of birth;
- (4) his or her nationality;
- (5) his or her residential address on the identity card;
- (6) his or her domicile in the country of origin if the person is an expatriate;
- (7) his or her taxpayer registration number or other similar taxation identity number; and
- (8) the link between the company and its beneficial owner.

*Should you have questions, please do not hesitate to contact us. This Client Alert relates to general information only and does not constitute legal advice. Should further analysis or explanation of the subject matter be required, please contact the attorney whom you normally consult.*