

LIMITED LIABILITY COMPANY REGULATION AS A LEGAL SUBJECT IN THE LEGAL SYSTEM IN INDONESIA (A STUDY RESPONDING TO THE DEVELOPMENT OF INDIVIDUAL COMPANY FORMATION IN INDONESIA)

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Abstract: The Job Creation Law has changed the concept of limited liability companies; on the one hand, it is a development, but on the other hand, it is an advancement of corporate law in Indonesia. The establishment of corporate entities has been renewed in conjunction with the issuance of the Job Creation Law. The change referred to in the Job Creation Law is the formation of Individual Companies. Individual companies are a development and at the same time the latest advancement in the concept of limited liability companies in Indonesia, which have different characteristics compared to the limited liability companies that have been known so far. This paper discusses the development of corporate law in Indonesia, especially limited liability companies, with the establishment of individual companies as legal subjects in the Indonesian legal system.

Kata kunci: Individual Companies; the concept of formation; position.

Introduction

The principles of legal certainty and order are relevant to consistency and how a legal product functions and is effective. Talcott Parsons argues that the elements that support the functioning of a system are formed from the interaction between the ability of an organ to adapt to achieve its goals, and that the legal system is also the result of interactions that depend on the common goals of the social system within it.

The context of the formation of a legal entity is relevant to this opinion. The system of forming legal entities must return to the goal to be achieved, namely, the existence of certainty and legal order. Legal certainty and order require consistency in their implementation. Consistency can be seen in the functioning or non-functioning of a legal product. The functioning of the law can ensure the achievement of the goals to be achieved, so that an integrated, efficient, and functional order will be formed.

Man has beliefs about good law and is considered just. Human beliefs create a dynamic. These dynamics are reflected in the development of human beliefs themselves. For example, the birth of new legislation, which is a human belief in the need for a new legal order, will introduce or affirm new views. The concept of the subject of law is an affirmation of the dynamics of human belief, that human beings are subjects of law and not objects of law.

The dynamics of human life, as a subject of law, are always bound by economic dynamics, in addition to social, political, and cultural dynamics. Therefore, the existence of legal entities is inseparable from the understanding that economics is related to law. This is in accordance with the postulation that economics and law are part of social phenomena. The concept of a legal entity is an example of this phenomenon, which is basically the will of humans for the achievement of order and justice. The will of man is affirmed by giving birth to new views on legal subjects other than humans.

Human beings as legal subjects create other legal subjects to accommodate the interests and goals of these human beings, both as individuals and as groups (society). Other legal subjects are

legal entities. The concept of a legal entity provides a new view or understanding to the public about the concept of a business entity, social entity, or group of people, which was previously unknown to the public. This is in accordance with the development of human interests in society, both economic and non-economic interests.

The establishment of a legal entity in Indonesia is closely related to the understanding of the goals and desires of the Indonesian people regarding the need for a legal entity. The best scenario is if the supervision of legal entities can ensure legal stability and predictability. Historically, the development of legal entities in Indonesia is inseparable from the regulation of legal entities that prevailed during the Dutch colonial period. After independence, there was a change in the law in Indonesia, which was originally colonial law to national law.

The Legal Entity Theory asserts that a legal entity is a legal subject. Therefore, a recognition from the authorities is needed in the form of a law (*bij wet*), and affirms that legal entities support rights and responsibilities, in contrast to the Netherlands. The regulation in the Netherlands regarding legal entities, in the "Nieuw BW" has been codified and in the Nieuw BW, that is, in the form of the regulation of "rechtspersoon" and has been regulated in Title 2, so that it is a "closed system", therefore it is not possible to form a new type of legal entity other than that specified by law. Any formation of a new legal entity must be in accordance with the characteristics that have been determined in Title 2 of the NBW.

Several separate laws govern the establishment of legal entities in Indonesia, and these laws have not been unified or integrated. For example, Law Number 40 of 2007 concerning Limited Liability Companies (hereinafter abbreviated as UUPt) recognizes Limited Liability Companies as a legal organization and must go through an approval process with the authorities through the registration of its articles of association. It is based on the concept that the existence of a legal entity is not solely determined by the preferences of the person who created it, but must also meet certain legal requirements, both procedural and substantive.

Regarding the development of the regulation of the establishment of legal entities, the Government issued Law No. 11 of 2020 concerning Job Creation. In connection with the discussion of Limited Liability Companies above, the law amends a number of articles in the Constitution. One of the prominent changes is the establishment of a limited liability company by individuals. The establishment of an Individual PT is a new concept where an Individual Company is established by one person, specifically for micro and small businesses. This is inversely proportional to the definition of the Company in the UUPt, which states that the Company is a legal entity that is a capital partnership, established based on an agreement. The definition of a capital partnership is established based on an agreement that the Company must be established by more than one person.

This writing places the legal entity in question in the realm of Civil Law in Indonesia. This is to distinguish it from the grouping of legal entities that already existed. Paul Scholten, who mentioned that a legal entity is not defined in Constitutional Law, but in the sense of Private Law. The grouping of legal entities that are already known in Indonesia is based on their types and characteristics. Legal entities are important institutions in bridging human interests in meeting their needs and goals. The term institution, according to Johannes Ibrahim, means: unconscious or planned occurrence; its position is fundamental to the regulation of relations between members of society, so that relations between members are impossible without law; the force of its force is general; Its role is regulatory and non-operative. Legal institutions play an important role in how

society functions. This means that we cannot only look at the law in a strict legal way; We also need to include studies that explore law through social science methods.

The regulation of legal entities is related to the concept of recognition of legal entities as legal subjects other than human beings. Therefore, an integrated arrangement is needed, in the form of codification of the regulation of legal entities in relation to their status as legal subjects. The basis of this thinking is motivated by several things; the first is the inconsistency of the regulation of legal entities related to the purpose and objectives of the establishment of legal entities. The second is the recognition of the status of legal subjects that have been given by the government, and the third is the authority of state institutions in ratifying the status as legal subjects. These three things illustrate that the regulation of legal entities in Indonesia has not been integrated.

The idea of the need for an integrated legal entity formation order is important. This is motivated by the current legal entity arrangement. The form of a legal entity according to its purpose of establishment can initially be categorized into two different categories: legal entities with business purposes, which are usually referred to as "business entities", and legal entities with social, humanitarian, or religious purposes. An illustrative example of a legal entity with a business purpose is a limited liability company, which is subject to the regulatory framework set out in the UUPT.

The formation of legal entities as legal subjects develops dynamically, because the concept used is not yet established in regulating the legal status of legal entities. A legal entity is a body that will continue to develop and is consistently related to the development of human desires and needs, which includes economic and non-economic aspects. The problem at hand is how well the chosen concept can incorporate current advancements. The absence of regulations for legal entities that accommodate these developments can create legal ambiguity.

This introduction is the author's interest in examining the development and position of Legal Entity Institutions in Indonesia. This is to find out what the development of the position of a limited liability company as a legal subject is, as well as the aspects of legal certainty and legal order of a limited liability company, which, in this case, examines individual companies as a form of the development of the concept of legal entity. This paper places research on aspects of the concept of regulation, development, and legality of a limited liability company as a legal entity related to the purpose of establishment, the organs that represent it, legalization as a legal entity, and the status of legal entities in its position and development as a legal subject.

Pada penelitian ini, Penulis merumuskan dua pokok masalah yang hendak diketahui, yaitu:

1. How is the development of the concept of Limited Liability Company as a legal subject within the framework of the legal system in Indonesia?
2. What is the position of the concept of the formation of an Individual Company that provides legal certainty for the people of Indonesia?

Method

This study uses a normative legal approach methodology. Normative Law Research can be used to search for legal principles, legal theories, and legal systems.

Findings and Discussions

3.1 Purpose of Company Establishment

There are two types of legal entities based on their type, namely public legal entities and civil legal entities. In Indonesia, civil legal entities are known as Limited Liability Companies, Foundations, Cooperatives, and Associations. Civil legal entities can be further categorized into legal entities that are business entities with the purpose of making profits and legal entities that are non-business entities, which do not make profits.

A Limited Liability Company is an example of a legal entity whose real purpose is to make a profit. The purpose, that is essentially to seek profit, is affirmed in the Articles of Association, which explain that the business field is the purpose of the establishment of a Limited Liability Company. A Limited Liability Company is established for private purposes, namely for the benefit of its shareholders only. Segregated assets are one of the requirements for the establishment of a Limited Liability Company. Therefore, a Limited Liability Company has its own assets that are separated from the personal assets of its shareholders. This wealth is capital, both in the form of tangible and intangible objects.

Wealth is a tool to pursue the goals of the company. Referring to Article 2 of the Constitution, the company must have business intentions and objectives in accordance with the law, public order, and morality. Then, in Article 15 paragraph (2) letter b of the UUPT, it is stated that the purpose and objectives, as well as the company's business activities, are stipulated in the Articles of Association. By running the company, the activities of the Limited Liability Company will only generate profits and/or dividends.

The article emphasizes that the purpose of establishing a Limited Liability Company is to seek profit (profit-oriented). Therefore, a Limited Liability Company must run a business, namely by creating a company. The profits obtained are in the form of dividends, which are distributed to all shareholders, for the benefit of the shareholders or people who separate their assets for the establishment of a Limited Liability Company as capital.

The purpose of the establishment of a Limited Liability Company, as specified in the Deed of Incorporation, precisely in the Articles of Association, is important because it relates to liability to third parties. The company's intentions and objectives must not conflict with morals or public order. Therefore, although the basic goal is to make a profit, the profit obtained is from business that is indeed allowed by the authorities. For example, the company is prohibited from engaging in drug trafficking or other things that are not in accordance with the rules of decency and public order.

The purpose and purpose are also related to the authority and responsibility of the governing body. The Company's Management Organ is limited in its authority and responsibilities to the purposes and objectives that have been determined in the company. The limitation of responsibility in the purpose and objectives of the company is to avoid "ultra vires" actions of the Board of Directors, as the organ responsible for carrying out the company's intentions and objectives.

3.2 The Concept of Regulating the Position of a Limited Liability Company as a Legal Subject

The concept of regulating the company's position can be related to the theories of legal entities from legal experts:

1. Fictional Theory

The Theory of Fiction was put forward by Friedrich Carl Von Savigny in his book "System des heutigen romischen Rechtes". Basically, this theory states that:

"A company is an organization that has a separate legal identity from its members or owners; Therefore, a company is an artificial legal entity through a legal process; thus, it is basically fictitious.

Its birth is solely through the government's "approval" in the form of fiat or approval or consensus of the government.

Fictional theories place the personality or personality of a legal entity, because it is the result of a "legal recognition of the ruler (government paternity theory), related to the interests of the community or a group of people to carry out an activity or business in a container, which can be legally legalized. The important points of the above theory are related to the concept of the company as a legal entity, namely:

The identity or data of the company is written in the deed of incorporation containing the Company's Articles of Association. The Articles of Association contain information such as the name and position of the company, the purpose and objectives of the company, the business activities of the company, the amount of capital, the names and number of the Board of Directors and Commissioners. The information contained in the Articles of Association is the separate identity of the Company that is different from the identity of its founder or members.

The establishment of the Company must go through several stages specified in the laws and regulations. Starting from the making of the deed of incorporation, the application for the ratification of the legal entity, to the legalization of the legal entity, each has requirements that must be met and a period of time that must not be passed. Because the company was created through legal processes, it can also be said that the company is fictitious. The company itself is fictitious because it cannot be seen or touched directly, unlike humans, who can be seen and touched.

The Company must obtain approval from the Minister of Law. Article 7, paragraph (4) of the Law states that the Company obtains the status of a legal entity on the date of issuance of the Ministerial Decree regarding the ratification of the Company's legal entity. The endorsement provides legitimacy for the Company to take legal action.

1. Juridical Statement Theory

This theory was pioneered by E. M. Meijers and embraced by Paul Scholten. This theoretical point of view categorizes legal entities as concrete and real things, even though they cannot be felt and are not imaginary. Paul Scholten added that the legal entity is an abstraction that has a starting point on rights, which has two ends, namely the subject and the object. The two are interrelated. The subject of the right that can be captured by the eye is the human being, who in his term can be referred to as "persoon". The conclusion is that, from a legal perspective of the legal entity is an abstraction of the intangible human being.

The relationship of this theory with the Company, as a legal entity, is that the Company does not have a physical form. However, juridically, the Company is a reality recognized by law. The statement is juridically evidenced by the existence of an Act of Establishment and Legalization of Legal Entities issued by the authorized official. The Company is recognized as a legal entity that can have rights and obligations, even though in doing so, it is still represented by humans in their capacity as organs of the company.

2. Organ Theory

Otto Von Gierke's Organ Theory states that the legal entity is like a human being and is a real incarnation in the legal society (*eine leiblichgeitige lebensein heit*), a legal entity is a "verbandpersoblich keit", i.e., a body that forms its will through the intermediary of the organs or organs of the body, e.g., its members or administrators. Otto Von Gierke affirmed that the legal entity is like a real being that exists and that determines its will through its organs.

This theory emphasizes that just as human beings as subjects of law are a unity of existence, which in fact cannot be felt by the senses, human actions are also collective, because to achieve their goals human beings also do it through their organs, so the legal entity which is a unit does not act alone, but through its organs, not as a representative acting alone with its organs.

Departing from this theory, the regulation of the position of a Limited Liability Company is made based on the agreement contained in the Constitution. The Constitution affirms the position of a Limited Liability Company as a legal entity. This is the government's recognition of Limited Liability Companies as an independent legal subject. Limited Liability Companies, as independent legal subjects, have the right to carry out legal acts as a separate and independent entity. A Limited Liability Company has a name, place of residence or domicile, has a company organ that represents it, assets in the form of capital, has a specific purpose, can enter into agreements with other legal subjects, may own, transfer movable or immovable objects on its own property, can sue and be sued, and is one of the tax subjects. The Indonesian Ministry of Law, on behalf of the government, has the authority to grant Legal Entity status to Limited Liability Companies. The applicant submits an application for Company registration to the Minister to be designated as a legal entity.

Limited Liability Companies cannot carry out the company's own purposes and objectives. Therefore, the Limited Liability Company is represented by the company's organs. This opinion describes a Limited Liability Company as a subject of law, which is an entity that, in carrying out its actions, is represented by its organs, and the question is who exactly the Limited Liability Company is. A Limited Liability Company cannot carry out its intentions and objectives without the presence of the company's organs. The Company's organs in question are the General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners.

Article 1, number 1 of the Constitution defines a Limited Liability Company as a legal entity that is a capital partnership, established based on an agreement, conducts business activities with authorized capital that is entirely divided into shares, and meets the requirements set out in this law and its Implementing Regulations. It can be simplified that a Limited Liability Company, according to the Law, is a capital partnership.

Limited Liability Companies, as a legal entity, are required to obtain approval by first applying to the Minister through filling out a form on the Legal Entity Administration System (hereinafter referred to as SABH) service. Filling out the form begins with filling in the company's name; If the founders do not file themselves, then the founders can give power of attorney to the Notary. All data regarding the establishment of a Limited Liability Company is submitted to SABH. Those who can apply for ratification are the founder, directors, or authorized to the Notary. There are 3 processes that must be passed in order for the Company to obtain legal entity legalization:

The Company submits an Application for Legalization of Legal Entity through SABH no later than 60 days after the deed of incorporation is signed and the supporting documents are provided. Acceptance or rejection of the application for the legalization of legal entities. An application for ratification is accepted if the format of the form, supporting documents, and submission period are in accordance with the applicable regulations. The Minister immediately stated that he had no objection. After 30 days from the statement of no objection from the Minister, the applicant is obliged to submit physical evidence attached with supporting documents to the Minister. On the other hand, if the format of the filling and supporting documents is not in accordance with the laws and regulations, the Minister immediately notifies the rejection along with the reason for the rejection. The Minister's statement of objection also becomes void if the physical file and supporting documents are not fulfilled within the specified period of time.

The ratification of the Legal Entity was finally issued by the Minister, a maximum of 14 days after receiving a statement of no objection from the Minister. The Company's Legal Entity Ratification Decision is signed and issued electronically, which can then be printed independently by the Notary who is the Applicant's attorney.

3.3 Individual Companies: The Development of Corporate Law in Indonesia

Micro, Small, and Medium Enterprises (MSMEs) are sectors that play an important role in supporting economic activities in Indonesia. This is due to the establishment of Micro and Small Enterprises, which is considered easy and practical for the people of Indonesia, so that the existence of MSEs is expected to create new jobs to absorb the workforce in Indonesia. In its development, the Government provides ease of doing business for business people through the Job Creation Law by allowing the establishment of a Company by only one person, called an "Individual Company", which originally had to be formed based on an agreement between 2 or more people. An Individual Company is a breakthrough in the world of corporate law. The government recognizes the formation of individual companies to support the ease of business operations and encourage individual competition.

Several provisions regarding Individual Companies are revised in the latest regulations, including provisions regarding authorized capital, procedures for establishment, amendments, submission of financial statements, dissolution, and changes in the status of micro and small businesses to the Company. These changes are written in Government Regulation No. 8 of 2021 concerning the Company's Authorized Capital and Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses.

The term individual legal entity (Individual Company) is then added to the formulation of Limited Liability Company, which reads: "or an individual Legal Entity that meets the criteria for Micro and Small Businesses as stipulated in the laws and regulations regarding Micro and Small Enterprises". An Individual Company is an individual Legal Entity that meets the criteria for Micro and Small Business. The purpose of establishing an Individual Company is the same as that of an ordinary company, which is to obtain profits. However, the Government provides convenience and exemptions to Individual Companies from some of the provisions of ordinary companies.

If we delve into the compatibility of the concept of Individual Company with the theories of legal entities mentioned earlier, the first is about the implementation of Fictional Theory to the concept of Individual Company. Individual Company also fulfills the points conveyed by Fictional Theory, even though the application is different from the Company based on an agreement.

Regarding the legal identity that is separate from the owner, the identity of the Individual Company is contained in the Statement of Establishment. The information in the Statement of Establishment is generally similar to the information in the Company's Deed of Incorporation, based on the agreement. In line with the basic principles of the Company that separate identity and assets from the founder, the same is true for Individual Companies. The personal property of the owner of the company is separate from the wealth of the Individual Company.

Regarding legal entities created through legal processes, the process of establishing an Individual Company is carried out online at SABH. After filling out the Statement of Establishment, the system will verify the data first. If there is an error or inconsistency in filling in the statement, the founder is given a maximum of 30 days to correct the data. After that, the Minister issued an electronic certificate of Statement of Establishment. An Individual Company that has obtained a certificate indicates official recognition as a legal entity.

Regarding the birth of an entity solely through the government's "approval", Individual Companies will ultimately get approval through "Endorsement" from the Minister of Law in the form of an electronic certificate after registering the endorsement online on the website of the Directorate General of General Legal Administration (Ditjen AHU).

Second, regarding the Juridical Reality Theory, which simply states that legal entities are not imaginary even though they cannot be felt, Individual Companies are also juridically real entities. Individual Companies are juridically recognized as legal entities after obtaining Approval from the Minister of Law. Individual companies also have separate rights and obligations from their owners, who act as organs of the company.

Third, regarding the application of Organ Theory to Individual Companies, it is different from companies based on agreements. Individual Companies also have Company organs, but they are not the same as ordinary company organs. An Individual Company is only represented by one person who plays the role of a shareholder, director, or owner of the Individual Company. The phrase "founder and director and shareholder of an individual company" in Article 7 paragraph (2) letter g of Government Regulation No. 8 of 2021 refers to the organ of the Individual Company, which only consists of directors (directors) who also concurrently serve as shareholders, but does not regulate and eliminate the organ of the Board of Commissioners. This term refers to the establishment of a business entity whose ownership and governance are concentrated in the hands of the company's board of directors, who at the same time also function as shareholders. This structure does not include the organization or abolition of the Board of Commissioners. In accordance with this phrase, the structure of a sole proprietorship consists only of directors and shareholders, without including the organ of commissioners. Registration and submission of the establishment of a sole proprietorship is done independently by the founder of a sole proprietorship electronically, without the need for a Notary.

The development of corporate law is also evidenced by the recognition of the position of Individual Companies as legal subjects. Similar to the ratification of capital partnership companies, positive law has also regulated Individual Companies from their establishment to their ratification by the Minister. The regulation of Individual Companies is further regulated in the UUCK with updates and amendments from the UUPT.

Individual Companies have criteria as Micro and Small Enterprises, namely established by Indonesian Citizens at least 17 years old, have a turnover of at most Rp5,000,000,000,- (five billion Rupiah) excluding land and buildings where the business is located; and fill out the Statement of Establishment. Individual Companies will obtain the status of legal entity after being registered with the Minister of Law and Human Rights of the Republic of Indonesia (hereinafter referred to as the Minister) and obtaining an electronic registration certificate. Then the Minister issues an electronic registration certificate of the Company's legal entity as an endorsement of the Individual Company as a legal entity.

Like Limited Liability Companies, Individual Companies are required to prepare financial statements using electronic format no later than six months after the end of the current accounting period. The financial statements submitted must include a statement of financial position, an income statement, and notes on financial statements for that year. If the Individual Company does not submit its financial statements, the Individual Company may be sanctioned in the form of a written reprimand, loss of service access rights, or revocation of legal entity status.

If the Individual Company fails to submit financial statements within the specified time period, an electronic written warning will be issued. If, within three months after receiving a written reprimand, the Individual Company still does not submit its financial statements, the Minister will give a second reprimand. If the Individual Company still does not submit its financial statements within 30 days after the second reprimand, the Company's access to SABH services will be closed. To request restoration of access for a frozen company, an application must be submitted to the Minister. If an Individual Company fails to submit its financial statements for a period of up to five years after the termination of SABH's services, the Minister will proceed to revoke the company's legal entity status. The Minister will issue a document announcing the revocation of the legal status of Individual Companies and will announce it on the website of the Directorate General of AHU.

Along with the development of the company, Article 9 of Government Regulation No. 8 of 2021 stipulates that the status of an Individual Company must be changed to an ordinary company if its shareholders exceed one person and the company no longer meets the criteria to be classified as a micro or small business. The criteria in question are defined with a turnover of more than 5 billion rupiah (excluding land and buildings) and annual sales figures that meet the specified criteria. The change in the status of the company is carried out by following the laws and regulations regarding Limited Liability Companies. The change in the status of an Individual Company must be done with a Notary deed and registered with SABH. The deed of amendment contains a statement of changes in the status of the Individual Company by the shareholders, changes to the articles of association, and/or statements of the Individual Company, as well as the Company's data. Although there is a need for changes as mentioned above, in fact, the facilities contained in SABH have not been able to accommodate the process of changing the status of an Individual Company. This proves that there is no integrated system provided by the government.

After changing the status of the company to a capital partnership, the Company must make adjustments to meet the elements of a Company in accordance with the provisions of the UUPT. In addition to adjustments to Article 17 paragraph (1) of Permenkumham No. 21 of 2021, other elements, such as the separation of assets and the company's organs, must be fulfilled by the Company. According to this regulation, the change in the status of the legal entity of an Individual Company must go through several stages first, so that the status of the legal entity does not change immediately. The important thing to note is that there are no legal consequences if MSE actors who are supposed to change the status of the legal entity of an Individual Company to an ordinary company do not immediately done. The provisions that should be in other implementing regulations are also not regulated in Permenkumham No. 21 of 2021, so there is still a gap in norms to date.

The presentation gave an idea that the Company's status as a legal subject can provide new legal consequences. Individual Companies can have material rights both movable and immovable, for example land and building ownership. The problem that arises is whether this status can be maintained with new regulations or new changes in the law. Adjustments to the articles of association, according to the law, must be carried out by the Limited Liability Company, so that the status of its legal entity is not removed.

The validity of the recognition of the ratification of the status of a legal entity is the same as the period of enactment of a law. The meaning is that as long as there is no change in the law, the status of a legal entity is still attached and vice versa if the law is amended or replaced, then the status as a legal entity cannot be maintained, unless adjustments are made. In the event of delay or adjustment has not been made to provide legal certainty, a court decision should be requested regarding the legal entity status of the Limited Liability Company.

3.4 Regulation of the Concept of Legal Entity Formation in the Legal System in Indonesia in an Effort to Provide Legal Certainty

The development of the formation of legal entities in Indonesia initially adhered to an open concept. The terms open system and closed system refer to the concepts used by a country to establish the legal status of an entity or organization. The Netherlands, the United States and the United Kingdom are countries that follow the principle of a closed system (*de gesloten Systeem van Rechtspersonen*) which means that there is no legal entity other than that specified in the law. This means that a closed system does not provide opportunities for a person's civil act whose purpose is to create a body or association that can create a legal entity. The requirements for the establishment of a legal entity, according to the closed system, are based on the law and meet formal and material requirements. On the other hand, an open system is a system that provides opportunities for the parties to declare that the body or association they establish is a legal entity and is usually supported by jurisprudence.

Limited Liability Companies themselves were initially regulated in the *Wetboek van Koophandel (WvK)* which is a special regulation in the field of trade. After independence, the formation of legal entities was not only based on jurisprudence or customs, but developed based on laws. This is a shift towards a closed system, because to establish a legal entity, it is no longer only based on jurisprudence but is regulated through law. This shift has not been completely closed. This is because the laws and regulations governing the legal entity of the Association are still incomplete.

The system adopted at this time has not been integrated and is a combination of open, closed and concessional systems. It can be said to be closed, since most of the legal entity arrangements are already regulated in such a way by law. The concession system adopted also requires the registration of a legal entity. The registration requirement is a concession system, which requires a legal entity to ratify a legal entity, through its articles of association. For example, the establishment of a Limited Liability Company.

An unintegrated concept allows the birth of a new type of legal entity, this will not cause problems if the type has not been accommodated. The problem is that the new type of legal entity has actually been accommodated in the existing type of legal entity. The formation of a legal entity is basically motivated by human goals in meeting their needs. The most dominant human needs are in material and non-material fields. Material needs are related to economic factors, while non-material needs are related to social, spiritual, political, cultural and other factors. One of the means to meet these material and non-material needs is to form a legal entity.

Legal entities are recognized and valid because of the authority of government institutions to provide legality of their legality. The authority of Government institutions is obtained because of the laws that regulate it. The substance can be understood that with regulations on the legality of a legal entity, the status of legal entities and their position are important.

Civil Law regulates human beings as subjects of law, in 2 (two) principles, namely: capable people and authorized people, because capable people (*rechtsbekwaamheid*) are not always people who are authorized to perform legal acts. These provisions are related to certainty regarding the position of legal entities. Position in terms of its status as a subject of law separate from the individuals of its founders. As a non-human subject of law, its existence is not only in the form of recognition, but also related to its rights and obligations as a legal subject that can be equated with humans. Especially in legal activities, such as owning wealth and residence.

Legal entity legalization is a status given by law to a business entity or non-business that has a specific purpose. The status is in the form of a determination from the authorities. The determination or decision of its substance is recognition. The regulation of legal entities based on the law is an elaboration of the goals to be achieved in the philosophy of Pancasila, namely the existence of legal order, in addition to the principle of legal certainty. This relates to the intentions and objectives of the founders who are indeed diverse. The purpose and purpose of the establishment of a legal entity can be divided into three groups, which in this case focus on the group for profit.

The group of legal entities that focus on making profits is Limited Liability Companies. Since the capital consists of tradable shares, a change in the ownership of the company can be made without the need to dissolve the company. The purpose that is essentially to seek profit, is affirmed in the Articles of Association, which explain what business field is the purpose and purpose of the establishment of a Limited Liability Company.

The integrated closed system concept is an ideal concept in the formation of legal entities in Indonesia. There are several things that underlie this thinking. First, it has to do with the fact that the establishment of a legal entity was originally an association of people with the same goal. The goal was initially to minimize risks in the commercial sector and develop into a company concept. The purpose of the establishment of the company is "profitable".

The development of legal entity legislation regulations initially tended to be open. The existence of a legal entity is not based on the laws and regulations that expressly regulate it, but based on the will of the parties included in an agreement or based on jurisprudence. In its development, the regulation of legal entities is carried out based on laws that are not integrated in nature.

Likewise with the subject of law created by man, namely legal entities. Regulations on non-human legal subjects or legal entities are currently still open. Any body or association that can be categorized or called a legal entity is still open in nature. Therefore, an arrangement is needed that clearly regulates the existence of legal entities as non-human legal subjects.

When compared a little to a common law country like Singapore, corporate law in Singapore is also more adaptive and responsive to the times and technological advancements. In contrast to company law in Indonesia, which has to wait for a written regulation that responds to certain developments or changes. In Singapore, the arrangements for the incorporation of a company are regulated in the Companies Act Chapter 50.

Long before the regulation on individual companies in Indonesia, Singapore allowed the establishment of a company by only one person. In Singapore, companies that are established alone are called Sole Proprietorship or individual companies. Sole Proprietorship is a business that can be owned and controlled by an individual, corporation, or limited partnership. There are no partners in this type of business. The legal status of a sole proprietorship can be defined as follows: not a separate legal entity from the business owner; The business owner has unlimited liability (i.e. the business owner is personally liable for all debts and losses of the individual ownership), and; can be sued or sued on behalf of the owner.

1. Conclusion

Individual Companies are a manifestation of the development of the concept of limited liability companies which are recognized as legal subjects in the UUPT juncto the Job Creation Law. Before there was a Job Creation Law, a Company must be established based on an agreement, but after the Job Creation Law, a Limited Liability Company can be established with a Statement. In the past, the Company was established based on an agreement between two or more people, which was made by a notary deed. Meanwhile, in its development, the company can be established by only one person based on a Statement registered electronically through SABH. Then connect Fictional Theory with the concept of Individual Company, Individual Company: having a separate identity from the owner; established through legal process, and gaining legitimacy after Ratification from the Minister of Law. Then regarding the Theory of Juridical Reality, an Individual Company is legally recognized as a legal entity after obtaining the Legalization of a Legal Entity from the Minister, even though the company itself is not physically tangible. Then if it is associated with the Organ Theory which emphasizes that a legal entity determines its will through its organs, an individual company does not have an organ like a company in general. An individual company is represented by one person who acts as a shareholder and director. Because it is only represented by one person, the Individual Company does not have a Commissioner as an organ of the company. Although the organs in Individual Companies are different from companies in general, Individual Organs are still in accordance with the Organ Theory.

Legal entities are recognized and valid because of the authority of government institutions to provide legality for their legality. The existence of an Individual Company as a subject of non-

human law is not only in the form of recognition, but also related to its rights and obligations as legal subjects that can be equated with human beings, especially in terms of committing legal acts. Regulations on non-human legal subjects or legal entities are currently still open. The proof of the open system is the existence of a new concept of legal entities (in this case Individual Companies) that are influenced by human will that has evolved with the times.

Suggestion

The author would like to give suggestions, in connection with the results of this writing, namely:

1. The requirements for the establishment and legalization of legal entities should prioritize the principles of benefit, obedience, efficiency, accuracy, transparency and functionality, considering advances in the field of technology that demand accuracy, certainty, speed and on target. The government should design the regulation of legal entities in a legal umbrella that is able to accommodate the development of legal entities in the future, so that legal certainty and order can be realized, in accordance with Pancasila and the state constitution. The government should also provide regulatory certainty related to implementing instructions for changing the status of an Individual Company to an ordinary company. The use of information technology that has been carried out through the application of these principles should be supported by representative systems and infrastructure so that technical problems do not often occur.
2. An integrated closed concept can be a concept that can provide certainty and legal order for the community. This is considering the purpose and objectives of legal entities which generally consist of: profit-seeking, non-profit, and non-profit. Through an integrated closed concept, the three purposes and objectives of the legal entity can be accommodated. To get there, the Government needs to design and make laws on legal entities that accommodate integrated concepts in order to create legal certainty. Then it is hoped that there will be a critical attitude from academics and practitioners to respond to the development of legal entity regulations in the Indonesian legal order. This is expected because in practice it tends to cause legal uncertainty. The expected response can be given, among others, through research or study, which can be done independently or collaboratively.

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