



# SIGn Jurnal Hukum

E-ISSN: 2685 – 8606 || P-ISSN: 2685 – 8614

<https://jurnal.penerbitsign.com/index.php/sjh/article/view/v8n1-6>

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Vol. 8 No. 1: April - September 2026

Published Online: April 10, 2026

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## Article Title

### **Restriction of Civil Liability for Beneficial Owners in Bankruptcy Disputes Arising from Homologation Default: An Analysis of the Separate Corporate Veil Doctrine**

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## How to cite:

Sastraatmaja, K. N., Wijaya, L. K., Dewani, M. Q., Tirajoh, T. T., Dior, V. D., & Atmadja, W. S. (2026). Restriction of Civil Liability for Beneficial Owners in Bankruptcy Disputes Arising from Homologation Default: An Analysis of the Separate Corporate Veil Doctrine. *SIGn Jurnal Hukum*, 8(1), 83-99. <https://doi.org/10.37276/sjh.v8i1.671>

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## **ABSTRACT**

*The bankruptcy of PT Sritex, resulting from a homologation default, has sparked a debate over creditors' efforts to demand liability beyond the protective boundaries of the corporate entity. This research aims to critically examine the limitations of separate corporate veil protection and analyze the position of beneficial owners in bankruptcy disputes arising from debt restructuring failure. Through normative legal research employing statutory, conceptual, and case approaches, the analysis is conducted deductively using the legal hermeneutics method to examine civil regulatory instruments. The research findings show that the annulment of homologation constitutes a mere civil default that does not immediately deprive the legal entity of its independence. Contract creditors are hindered by an absolute burden of proof, under which the piercing of the corporate veil doctrine is rejected without material evidence of unlawful acts or the misuse of the corporate entity. Furthermore, the beneficial owner status is dogmatically identified exclusively as an administrative compliance instrument within the public law domain. This administrative determination lacks the juridical force to annul the limited liability principle in civil bankruptcy without the proof of actual loss causality. In conclusion, the debt liability of a bankrupt company cannot be automatically imposed on the personal wealth of shareholders or beneficial owners. This legal certainty demands that the judiciary tighten evidentiary standards to protect the limited-risk investment climate in Indonesia.*

**Keywords:** *Bankruptcy; Beneficial Owner; Homologation; Piercing the Corporate Veil; Separate Corporate Veil.*

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## **INTRODUCTION**

The existence of a Limited Liability Company as an independent legal subject constitutes the primary foundation in modern business law. The recognition of a legal entity confers a separate legal identity and limited liability on shareholders. This principle strictly separates the company's wealth from the personal wealth of its founders and administrators. In business dynamics, a company may face default risks that culminate in bankruptcy disputes. Bankruptcy law serves as an instrument for the collective and proportional settlement of civil obligations based on the principle of equality of creditors (*paritas creditorium*). Fundamentally, bankruptcy is not a criminal law sanction but rather a rational civil remedy that equitably distributes the debtor's remaining assets to creditors.

This concept of separated liability faces a fundamental juridical test in the bankruptcy case of PT Sri Rejeki Isman Tbk (PT Sritex). The financial crisis faced by the textile corporation led to the failure to execute the debt restructuring agreement. The annulment of homologation triggered the Commercial Court's imperative determination of bankruptcy status, which was subsequently affirmed on cassation. This debt restructuring failure culminated in a massive-scale corporate bankruptcy that generated a systemic impact on the national industrial supply chain (Madewi, 2024; Aulia, 2025; Darmansyah et al., 2025; Rosaline, 2025). Consequently, the bankruptcy status sparked aggressive debate over the extent to which contractual

creditors can demand repayment beyond the protective boundaries of the separate corporate veil.

Academic debates regarding the textile corporation's bankruptcy have attracted the attention of numerous researchers. However, the majority of previous literature remains focused on sociological aspects and institutional effectiveness. [Manohara et al. \(2025\)](#) and [Urbanisasi and Dachi \(2025\)](#) emphasized their studies on the issue of working-class protection and the effectiveness of the commercial judiciary following the annulment of homologation. These studies provide empirical insights into the socio-economic impacts of a bankruptcy ruling. Nevertheless, this sociological approach has not resolved the dogmatic problems concerning the boundaries of civil liability for legal subjects within an insolvent corporate structure.

Other literature examines this dispute from the perspective of investment protection; however, the analysis remains limited to the company's formal structure. [Tryadi and Ananingsih \(2024\)](#) highlighted the legal protection for shareholders concerning the settlement of bankruptcy assets by the receiver. The focus of this research rests on the position of shareholders administratively registered in the deed. This study on formal shareholder protection is insufficient to address the complexity of modern corporate control architecture. The reality of business practices demonstrates that asset control and strategic decision-making are frequently controlled by third parties who neither hold board seats nor directly own a majority of the shares.

The literature gap is particularly evident in the debate over the position of controlling parties outside the formal corporate structure in bankruptcy disputes. Although [Mulyono \(2025\)](#) recommended applying the piercing of the corporate veil doctrine in this dispute, the study has theoretical weaknesses, as it conflates civil disputes with alleged corruption crimes. Furthermore, the study has not examined its normative intersection with governance regulations that mandate the identification of beneficial owners ([Jatmiko & Prananingtyas, 2023](#)). The absence of analysis connecting the piercing of the corporate veil doctrine with the legal qualification of beneficial owners purely from a civil law perspective leaves a void in corporate law scholarship.

The harmonization between the boundaries of civil liability and the position of beneficial owners possesses a remarkably high legal urgency. Acute conceptual confusion exists among practitioners regarding the legal consequences of establishing beneficial owner status in contractual default disputes. The designation of a legal subject as a beneficial owner is frequently misinterpreted as an immediate basis for creditors to set aside the separate corporate veil. Therefore, the dogmatic boundary between pure civil negligence resulting from default and unlawful acts committed by the controlling party must be established with absolute precision.

This research is specifically constructed to address two closely interrelated primary objectives. First, this research aims to critically examine the boundaries of legal protection for shareholders under the separate corporate veil doctrine in bankruptcy disputes, particularly when a debt restructuring agreement is annulled due to pure default. Second, this study is directed at normatively analyzing the extent to which beneficial owners can be held civilly liable through the piercing of the corporate veil mechanism when the corporate structure experiences a capital deficiency. The findings of this research are expected to make a theoretical contribution by purifying corporate law doctrines regarding the limits of the controlling party's civil liability. In practice, this research is designed to serve as a doctrinal guideline for the judiciary in adjudicating bankruptcy disputes involving the complexity of corporate control centralization.

## **METHOD**

This research is constructed using the specification of normative legal research or pure doctrinal research. The primary focus of the study is directed toward the analysis of authoritative texts in the form of positive law products, legal principles, and jurisprudence (Qamar & Rezah, 2020). This research cumulatively applies three approaches to dissect the research problems. The first approach is the statute approach, utilized to examine the hierarchy and synchronization of regulations concerning bankruptcy and limited liability companies. The second is the conceptual approach, aimed at dissecting the structure of the separate corporate veil doctrine and the parameters of beneficial owners. The third utilizes the case approach, positioning the national textile corporation's bankruptcy dispute as the locus of study for the application of the contractual burden of proof.

The legal materials exploited in this research rely on the richness of literature studies. The classification of legal materials in this manuscript is strictly divided into primary legal materials and secondary legal materials (Sampara & Husen, 2016). Primary legal materials encompass regulatory instruments possessing absolute binding power. These instruments include Law Number 37 of 2004, Law Number 40 of 2007<sup>1</sup>, the Civil Code, and Presidential Regulation Number 13 of 2018. Secondary legal materials are extracted from academic literature, authoritative international-scale books, and previous research journals that provide derivative analysis of the primary legal materials.

The technique for collecting legal materials is executed through the instruments of library research and documentary study. The inventory process is conducted systematically by tracking legislation, mapping commercial court decisions, and

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<sup>1</sup>Law Number 40 of 2007, as amended by Article 109 of Law Number 6 of 2023.

comparing international civil literature. Data collection is strictly calibrated to select legal documents that directly intersect with homologation default disputes and the limits of liability of the controlling subjects. The entire document tracking process is focused on civil law dogma texts and does not involve variables related to field observation practices.

The legal material analysis technique uses deductive reasoning, proceeding from theoretical premises to prescriptive conclusions (Irwansyah, 2020). The primary instrument applied is legal hermeneutics to determine the precise meaning of statutory formulations. This technique emphasizes grammatical interpretation to ensure an accurate understanding of legal texts governing the conditions for an exception from corporate liability. Furthermore, a systematic interpretation is applied to examine the logical relationship between public law provisions on the administrative transparency of beneficial owners and private law provisions on the protection of legal entities in default situations.

The research's operational stages are structured linearly into four phases of analysis. The first phase consists of an inventory of legal materials to construct the anatomy of legal entity independence and the parameters of default normatively. The second phase is the systematization of legal materials, focusing on the limitations of applying the doctrine of piercing the corporate veil to contractual creditors. The third phase manifests as doctrinal analysis to juxtapose the criteria of modern corporate control with the regime of bankruptcy asset confiscation. The fourth phase consists of formulating a legal synthesis that provides precise answers to the limits of civil liability of controlling subjects outside the formal corporate structure.

## **RESULTS AND DISCUSSION**

### **A. Anatomy of Legal Entity Independence and the Logical Consequences of Homologation Default**

The fundamental construction of a Limited Liability Company relies on the legal recognition of subject independence. Based on the provisions of Article 1 point 1 of Law Number 40 of 2007, a corporation is recognized as a capital partnership legal entity strictly separated from its founders. This recognition results in a legal attribution as a separate legal entity. The logical consequence of this status is regulated in Article 3 section (1) of the Law, which asserts the limitation of shareholder liability merely to the portion of capital deposited. Davies (2003) asserted that business incorporation creates a strict legal separation between corporate property and the personal wealth of its members. The loss of a legal entity is recognized solely as the loss of the entity itself, not as the loss of individual shareholders. Therefore, the separate corporate veil doctrine operates

as the primary protection instrument for the controlling party when the company faces the risk of business failure.

The risk of corporate default is generally mitigated through a debt restructuring agreement. The legal relationship between the debtor and creditors in this restructuring is entirely governed by the law of obligations. Based on the formulation of Article 1313 *juncto* Article 1320 of the Civil Code, a settlement agreement constitutes a product of rational consensus arising from the conditions of capacity, a specific subject, and a lawful cause. The debt restructuring agreement subsequently obtains absolute legal force through the principle that agreements must be kept (*pacta sunt servanda*). This principle is strictly codified in Article 1338 section (1) of the Civil Code. A settlement agreement or homologation dogmatically acts as an independent law for the debtor and the creditors who agreed to it.

The execution of the settlement agreement requires the debtor to comply in full with the agreed payment schedule. Empirical reality in the PT Sritex bankruptcy dispute demonstrates that these restructuring obligations were not fulfilled. Negligence in fulfilling debt obligations was triggered by financial deficits, a decline in production capacity, and the deterioration of global textile macroeconomic conditions (Madewi, 2024; Aulia, 2025; Darmansyah et al., 2025; Rosaline, 2025; Urbanisasi & Dachi, 2025). Default in the execution of this homologation constitutes a concrete form of violation of the law of obligations. The debtor's failure to meet the payment deadline indicates the corporation's rational inability to maintain the balance of its business operational cash flow. This empirical fact confirms that the bankruptcy dispute originates from a pure contractual failure within the civil domain.

The civil consequences of homologation default are imperatively regulated in national bankruptcy law. The ratification of the settlement initially relies on the provisions of Article 281 section (1) *juncto* Article 285 section (1) of Law Number 37 of 2004. These provisions provide guidelines regarding the quorum of creditor approval and the court's obligation to ratify the settlement plan. However, if the debtor is found negligent, creditors have the constitutional right to demand the annulment of the agreement. The provisions of Article 170 section (1) of the Law provide a legitimizing legal basis for creditors to annul the homologation. The legal consequences of this annulment are strictly regulated in Article 291 section (1) and section (2) of the Law. The Commercial Court's decision annulling the settlement must be accompanied by an immediate determination of the debtor's bankruptcy status.

The mechanism for automatic bankruptcy determination following annulment of homologation demonstrates a rigid procedural character. The court

renders a bankruptcy decision without being obliged to conduct a current ability-to-pay test of the debtor. [Hariyadi \(2020\)](#) and [Silalahi et al. \(2025\)](#) criticized the absence of an insolvency test in the national bankruptcy law regime when restructuring is annulled. The absence of an insolvency test confirms that bankruptcy status is rendered absolute as a procedural sanction for past violations of the settlement agreement. The examining judge does not bear the burden of proof to trace elements of financial crime or the administrators' bad faith at this stage. The bankruptcy sanction is mechanistic and becomes a linear legal consequence of the debtor's inability to fulfill the restructuring contract clauses.

The rationality of rendering bankruptcy status without requiring proof of criminal elements can be entirely justified through the functional approach of economic law. [Jackson \(2001\)](#) developed the creditors' bargain theory, which defines bankruptcy solely as a collective debt-collection instrument. Bankruptcy law is designed to address the common-pool problem, which is believed to be capable of severely degrading a corporation's economic value. [Jackson \(2001\)](#) strictly rejected the application of the fresh start protection concept for corporate entities. A corporation is defined as a legitimate artificial capital accumulation instrument to be liquidated when proven to fail in operating efficiently to settle its obligations. The rendering of the bankruptcy decision against PT Sritex, thus, constitutes a rational market mechanism to reallocate assets to the legitimate receivable holders.

The execution of asset settlement in the bankruptcy regime is governed by the mandate of creditor equality. This distributive justice principle is rooted in Article 1131 of the Civil Code, which provides that the entire wealth of the debtor serves as collateral for general obligations. The process of distributing bankruptcy assets is entirely subject to the principle of equality of creditors (*paritas creditorium*), which is codified in detail through Article 1132 of the Civil Code. All forms of the corporation's legal entity wealth will be liquidated and divided proportionally to each creditor's receivable percentage. This principle provides legal certainty, ensuring that no concurrent creditor unilaterally dominates other creditors in the collection of the company's remaining assets.

The liquidation process in bankruptcy has a specific impact on the sequence of rights of secured creditors. [Sinaga and Maulisa \(2022\)](#) along with [Manohara et al. \(2025\)](#) highlighted the shift in the execution authority of separatist creditors post-determination of corporate bankruptcy status. Separatist creditors retain a privileged position in the form of a priority right, yet this right is legally limited by the stay of execution rule, which grants the receiver absolute authority to conduct inventory and settlement. The management of liquidation proceeds is undertaken while maintaining the optimal value of assets, even though the entity has lost

control over its wealth. The settlement of these civil obligations focuses solely on the release of assets legally and administratively registered in the company's name.

The bankruptcy of this textile corporation is incontrovertibly a pure civil consequence whose legal effects attach exclusively to the legal entity. Default under the homologation agreement requires the surrender of all corporate assets; however, this default does not deprive the corporate legal subject of its independence. Contractual creditors do not possess a regulatory foundation to unilaterally shift the liability claim to the personal wealth of the shareholders or the controlling party. Efforts to expand collection targeting legal subjects outside the entity boundaries demand the fulfillment of much stricter evidentiary requirements. The absence of evidence of misuse of the corporation renders the corporate protection instrument consistently applicable in addressing civil creditor claims.

## **B. Limitations of Piercing the Corporate Veil in Corporate Bankruptcy Disputes**

The corporate entity's independence, which limits shareholder liability, is not absolute legal immunity. Corporate law provides an exceptional instrument in the form of the piercing of the corporate veil doctrine to set aside the separate corporate veil protection. The provisions of Article 3 section (2) of Law Number 40 of 2007 formulate this exception limitatively. This exception becomes active if the material requirements for establishing the legal entity are not met, or if the shareholders are proven to use the company in bad faith for personal interests. The exception also applies if the controlling party is involved in unlawful acts that render the company's wealth insufficient to settle its obligations. The proof of these elements becomes an absolute prerequisite before the court can convert the personal wealth of shareholders into the bankruptcy dispute.

The evidentiary parameters for activating this doctrine require highly strict jurisprudential standards. [Presser \(2021\)](#) held that the court must adhere to a strong legal presumption in rejecting the application of this piercing doctrine. [Presser \(2021\)](#) postulated that piercing the corporate veil can only be applied if the plaintiff is capable of proving the alter ego and instrumentality doctrines cumulatively. Creditors must be able to legally prove that the corporate entity has lost its independence and is purely controlled as an instrument to commit fraud or a manipulative sham. The company's failure to pay debts due to economic conditions does not meet the material-fraud requirement for this doctrine.

This burden of proof becomes increasingly rigid when confronted with the creditor's status in a restructuring default dispute. [Presser \(2021\)](#) strictly

distinguished between the legal treatment of tort creditors and contract creditors. Creditors bound in the PT Sritex settlement agreement or homologation dogmatically possess the position of contract creditors. Contract creditors are assumed to have conducted due diligence and voluntarily accepted the debtor's business failure risk when agreeing to the contract. Therefore, the civil court limits the legitimacy of contract creditors to set aside the separate corporate veil protection, unless material evidence indicates that the debtor intentionally concealed assets from the beginning of the obligation.

Liability claims in bankruptcy disputes are also frequently directed at the company's management organs. The limits of the board of directors' liability are strictly regulated through Article 97 section (3) *juncto* Article 104 section (2) of Law Number 40 of 2007. This Law stipulates that members of the board of directors can be held jointly and severally liable only if the bankruptcy is proven to result from errors or negligence in management. Board of directors' decisions resulting in operational losses remain protected by the business judgment rule principle as long as these actions are conducted in good faith and fulfill fiduciary duties. The performance decline of PT Sritex triggered by global market dynamics constitutes a fundamental business risk that cannot be classified as legal negligence of the management.

The complexity of this liability increasingly escalates when the bankruptcy dispute involves a corporate group structure. [Wardani \(2023\)](#) and [Tryadi and Ananingsih \(2024\)](#) dissected the dynamics of legal subject independence within the relationship of parent company and subsidiary entities. Majority share ownership and the presence of mutually affiliated boards of directors are common business governance practices recognized in corporate law. [Darmawan \(2025\)](#) asserted that the dominance of the parent company does not immediately eliminate the independence of the subsidiary. Piercing the corporate veil between affiliated entities is valid only if operational intervention is proven to structurally distort the subsidiary's independence to the disadvantage of creditors.

The application of piercing the corporate veil demands the court's prudence in distinguishing between the civil and criminal domains. [Sudaryat \(2020\)](#) delineated the boundaries of legal fiction, asserting that directors' violations in the civil domain generally take the form of actions exceeding administrative authority (*ultra vires*), which are distinct from premeditated financial crimes. [Mariyam et al. \(2025\)](#) and [Samad et al. \(2025\)](#) rejected the construction of corporate criminal liability built solely based on contractual debt disputes. Civil law qualifies homologation default as a failure to fulfill creditor rights, not as an indication of a corporate crime. The separation of these norm domains is essential to prevent creditors from using criminal instruments to collect civil debts.

Efforts to conflate these legal regimes are identified in several previous literature studies regarding the PT Sritex dispute. [Mulyono \(2025\)](#) recommended the optimization of bankruptcy asset recovery through the application of piercing the corporate veil by basing the argument on alleged criminal acts of misusing credit facilities by the company's former president director. This study suffers from a structural weakness because it positions the homologation annulment dispute in the Commercial Court as if it directly intersects with the asset confiscation process for corruption crimes. Civil procedural law does not authorize contract creditors to set aside corporate protection solely based on alleged criminal acts that have not obtained permanent legal force from the criminal judiciary. The PT Sritex bankruptcy dispute must be maintained as a pure civil dispute.

The absence of material evidence of unlawful acts limits the scope of the receiver's authority in settling bankruptcy assets. The receiver's authority is strictly regulated in Article 21 of Law Number 37 of 2004. This provision locks the scope of general confiscation solely to all wealth legally registered under the debtor's name at the time the bankruptcy decision is pronounced. The receiver does not have the legal authority to execute a confiscation against the personal wealth of the board of directors, commissioners, or shareholders. Execution that exceeds entity boundaries without being preceded by a court decision specifically applying the corporate veil doctrine constitutes a violation of civil procedural law.

The separate corporate veil protection ultimately remains absolutely applicable whenever creditors fail to fulfill the evidentiary standards for the exception criteria. The annulment of the PT Sritex settlement agreement is, on the evidence, purely based on rational financial inability. Contract creditors must acknowledge the legal limitation that liquidation only applies to the asset value remaining within the corporate entity. The civil court's adherence to this liability limitation reflects respect for the legal certainty of limited-risk investment in Indonesia.

The doctrinal firmness rejecting joint and several liability based on default leaves one final testing instrument. National regulatory developments have introduced a new legal subject qualification occupying a central position within the corporate structure. The existence of individuals exercising actual control, despite not being formally registered as management, generates new discourse on extending civil obligations. Therefore, dogmatic analysis should examine whether the legal status of beneficial owners has the normative force to pierce entity protection without requiring proof of unlawful contractual acts.

### **C. The Position of Beneficial Owners and the Restriction of Civil Liability**

The evolution of modern corporate governance demands absolute transparency regarding the real legal subjects behind corporate entities. This legal necessity was responded to by the government through the enactment of Presidential Regulation Number 13 of 2018. This Regulation introduces the terminology of beneficial owners into the hierarchy of national positive law. Based on the provisions of Article 1 point 2 of this Regulation, a beneficial owner is defined as a natural person who possesses the capability to control the corporation, is entitled to economic benefits, and is the true owner of the corporate funds or shares. This definition provides a legal basis for the state to identify controlling figures outside the company's formal administrative structure.

The evidentiary parameters for the status of beneficial owners in limited liability companies are precisely regulated through cumulative and alternative criteria. The provisions of Article 4 section (1) letter a through letter g of Presidential Regulation Number 13 of 2018 formulate seven absolute indicators of corporate controllers. These indicators encompass share ownership or voting rights exceeding 25%, sole authority to appoint or dismiss members of the board of directors, and the ability to influence the company's course without requiring authorization from other parties. These criteria are relevant for mapping the power architecture in large-scale entities such as PT Sritex, where strategic corporate control is centralized in individual figures or founding families acting as the highest authority holders in operational activities.

The centralization of control by specific parties amidst the vast distribution of share ownership reflects the reality of corporate power restructuring. [Berle and Means \(1991\)](#) established the theoretical foundation for this phenomenon through the separation of ownership and control doctrine. [Berle and Means \(1991\)](#) argued that the atomization of share ownership distributed to the public creates a class of passive shareholders lacking the ability to direct corporate assets. Absolute control functionally shifts into the hands of a dominant minority group possessing access to proxy mechanisms and strategic policies. This doctrine proves that corporate mastery is not directly proportional to majority share ownership on paper.

The legal recognition of the controller's existence does not alter the limits of liability in debt disputes. [Jatmiko and Prananingtyas \(2023\)](#) along with [Siregar \(2025\)](#) asserted that the obligation to identify beneficial owners constitutes a corporate governance compliance instrument. This regulation is implemented solely as an administrative obligation for corporations to report their ownership structures to the relevant authorities. The status of a beneficial owner creates transparency for the state to detect the movement of funds indicating criminal

acts. The determination of this status is not designed as an instrument to set aside the limited liability principle in the civil domain.

The weakness of formal corporate administrative records is frequently used by creditors to demand direct liability from the controlling party. [Nelwan et al. \(2025\)](#) highlighted the legal loophole in notarial deed instruments that do not consistently reflect the real identity of beneficial owners due to the limited authority of notaries in conducting investigative examinations. Contract creditors frequently use this administrative-deed discrepancy argument to impose corporate debts on beneficial owners. However, civil procedural law demands stronger material proof than mere administrative non-compliance to execute the wealth of third parties. Errors in reporting the identity of beneficial owners only result in administrative sanctions, such as blocking access to corporate legal services, not sanctions for settling the legal entity's contractual obligations.

Normative conflicts between the administrative transparency regime and the entity independence regime must be resolved through the hierarchy of corporate law. The existence of Presidential Regulation Number 13 of 2018 cannot, in principle, annul the separate corporate veil principle regulated by laws of higher hierarchy. The provisions of Article 3 section (1) and section (2) of Law Number 40 of 2007 remain applicable as the absolute foundation in determining the limits of civil liability. Legal subjects occupying the position of beneficial owners are entitled to enjoy the corporate separation protection facility. The personal wealth of beneficial owners is not legally commingled with corporate wealth, so long as the corporation is operated as an economic entity in compliance with legal boundaries.

The strict separation between the criminal act prevention regime and the civil bankruptcy regime becomes an essential element in analyzing corporate disputes. [Maulidah et al. \(2024\)](#) limited the urgency of tracking beneficial owners to the public law domain, particularly in the prevention of money laundering and terrorism financing. Public law provides exceptional authority for law enforcement to execute the assets of beneficial owners originating from crimes. Conversely, bankruptcy disputes resulting from homologation annulment constitute a pure private law domain. Civil creditors do not have a legal basis to use public law instruments to require beneficial owners to bear the losses arising from business failure due to commercial debt obligations.

Efforts to impose the settlement of bankruptcy debts on beneficial owners remain subject to the evidentiary requirements of unlawful acts. Determining a subject's status as a beneficial owner satisfies only the element of control mastery; however, creditors bear the absolute obligation to prove the causality element of

material loss. Creditors must be able to materially prove that beneficial owners utilized their control to transfer corporate assets manipulatively to evade the obligations of the homologation agreement. Without a court decision finding bad faith or unlawful acts that reduce corporate wealth, the beneficial owner status does not trigger civil consequences for the entity's debt settlement obligations.

The legal position of the PT Sritex controlling family in this bankruptcy dispute is dogmatically protected by the boundaries of corporate doctrines. The identification of affiliated parties as true beneficial owners does not provide legal privilege for the receiver or contract creditors to confiscate assets outside the corporate bankruptcy estate. Homologation default triggered by a rational financial deficit does not fulfill the evidentiary qualifications to set aside the separate corporate veil protection. National civil law limits the liability of beneficial owners exclusively to the risk of losing investment capital, thereby preserving the legal certainty of corporate governance from debt settlement claims exceeding the legal entity's obligations.

## **CONCLUSIONS AND SUGGESTIONS**

The bankruptcy dispute arising from the annulment of a debt restructuring agreement is, under the law, a pure civil consequence of contractual default. The failure to fulfill debt obligations is rooted in a rational financial deficit due to business dynamics, rather than corporate criminal engineering. This factual condition asserts that the legal entity's existence remains valid in all respects, alongside the separate corporate veil protection for shareholders and the board of directors. Bankruptcy status serves solely as a mechanism for collective execution to distribute the company's remaining assets proportionally to creditors. The decision to annul the homologation does not immediately set aside the entity's independence nor legitimize the execution of personal wealth located beyond the corporation's administrative ownership.

Contract creditors who voluntarily bind themselves to a settlement agreement bear an exceptionally heavy burden of proof to demand the extension of liability. The commercial court is bound by a strong legal presumption to reject the application of the piercing of the corporate veil doctrine without the availability of valid material evidence. Corporate protection instruments are valid only if the plaintiff can prove unlawful acts, material fraud, or the misuse of the entity as a manipulative instrument. The absence of valid evidence of the controlling party's bad faith requires that this bankruptcy dispute be maintained in its purity as a commercial obligation matter, free from criminal assumptions.

The determination of a legal subject's qualification as a beneficial owner essentially serves as a purely administrative compliance instrument within the public

law domain. This obligation for transparency regarding the controlling party's identity is implemented by the state solely to detect money laundering and terrorism financing within corporate structures. The administrative status of a beneficial owner does not possess the dogmatic force to annul the limited liability principle in the settlement of civil bankruptcy disputes. Personal liability for the debt settlement of a bankrupt company can be imposed on a beneficial owner only if there is a valid element of causation between their control and the creditor's loss, as proven by a court.

This strict doctrinal boundary between public administrative obligations and civil liability demands concrete follow-up from judicial institutions and legal policymakers. Commercial court judges are recommended to apply strict evidentiary standards in adjudicating every motion for security seizure targeting the personal wealth of corporate-affiliated parties. The legislature is also recommended to amend Law Number 37 of 2004 to incorporate an objective insolvency test mechanism before bankruptcy status is rendered imperative post-annulment of homologation. Academically, corporate law scholarship must continue to develop solid theoretical demarcations between corporate criminal law regimes and private law to guarantee the certainty of a limited-risk investment climate in Indonesia.

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