

Paradigm Shift Of Limited Liability Company Post Job Creation Law

Agung Iriantoro

Faculty of Law, Pancasila University, Indonesia

Article Info	ABSTRACT
<p>Keywords: Job Creation, Paradigm, Shift, Limited Liability Company, Individual Company.</p>	<p>The limited liability company law in Indonesia has undergone substantial modifications due to Law Number 11 of 2020 on Job Creation. One important development is the introduction of the idea of an individual limited liability company. The previous model of PT as a capital partnership has been replaced by this new model, which allows its formation by an individual. As a capital partnership, the Limited Liability Company faces a paradigm shift with the enactment of the Job Creation Law. The question is, how will this transition occur? How will this change in thinking affect the level of certainty that stakeholders, including business actors, have in the law? Conceptual and statutory approaches are used in this research as part of the normative legal research process. The research findings show that the paradigm shift of the PT has far-reaching consequences for several areas of corporate law, including limited liability, segregation of wealth, and corporate governance. There are theoretical and practical barriers to formally establishing micro and small businesses that the amendment seeks to remove. To maintain the consistency of the entire PT legal system, it is necessary to harmonize the Job Creation Law, UUPT, and other implementing regulations.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Agung Iriantoro Faculty of Law, Pancasila University, Indonesia agungiriantoro@univpancasila.ac.id</p>

INTRODUCTION

Limited Liability (P.T.) has long been one of Indonesia's most popular and widely used forms of business entity. As a legal entity separate from its owners, a P.T. offers various advantages, such as limited liability for shareholders and ease of capital accumulation. The basic concept of a P.T. as a capital partnership has been a deeply rooted paradigm in Indonesia's corporate law system for many years. However, along with the times and the demand for ease of doing business, this paradigm has started to shift, especially after the enactment of Law Number 11 of 2020 on Job Creation (Job Creation Law) (Rohendi, 2023).

Company law is one of several areas that underwent substantial changes as a result of the Job Creation Law, which was approved in October 2020. The main change was the introduction of PT Perseorangan, an Individual Limited Liability Company. Previously it was believed that a PT must be established by at least two people, but this invention changed that. Article 109 of the Job Creation Law makes the aforementioned adjustments, revising several sections of Law Number 40 Year 2007 on Limited Liability Companies (U.U.P.T) (Rohendi, 2023).

Before the Job Creation Law, the Company Law expressly required that a P.T. must be

established by at least two or more persons based on an agreement. This principle reflects the characteristics of a P.T. as a capital partnership, where several parties pool the capital to run a business. However, with the introduction of the concept of PT Perseorangan, this paradigm has fundamentally shifted. Now, an individual can establish a P.T. without having to partner with another party, as long as it meets the criteria of micro and small businesses as stipulated in the laws and regulations (Athina et al., 2022).

This paradigm shift impacts the establishment of a P.T. and has far-reaching implications for various other aspects of corporate law. One of the most significant impacts is in terms of liability. In the conventional P.T. concept, the principle of limited liability is one of the main features that attracts P.T.s. Shareholders are only liable to the extent of their paid-up capital and do not involve their assets. However, with the existence of PT Perseorangan, the boundary between individual wealth and company wealth has become thinner, raising new questions regarding the extent to which this principle of limited liability can be applied (Kusuma, 2022).

This paradigm shift also impacts corporate governance. In a conventional P.T., having more than one shareholder creates a check-and-balance mechanism in corporate decision-making, primarily through the General Meeting of Shareholders (G.M.S.). However, the internal control mechanism becomes challenging in a PT Perseorangan, where only one owner is the sole decision maker. This has led to the need for stricter regulations to ensure that Individual Companies continue to be run with the principles of good corporate governance.

The process of establishing and obtaining a PT's status as a legal entity is also affected by this paradigm shift. In the past, a notary and the Minister of Law and Human Rights had to approve the deed of establishment before a PT could be established. Electronic registration based on the letter of establishment simplifies the procedure for individual PTs. This change simplifies and accelerates the business establishment process, especially for micro and small businesses (Widyari, 2024).

While this paradigm shift brings convenience and flexibility, especially for small businesses, it raises challenges and potential new legal issues. One of the main challenges is ensuring that the flexibility provided is not abused for harmful purposes, such as tax evasion or escape of legal responsibility. Therefore, stricter supervision and comprehensive regulations are needed to govern these PT Perseorangans.

The issue of limited liability company business has been the subject of several previous studies following the enactment of the Job Creation Law. In her work entitled "The Individual Company After the Job Creation Law: The Paradigm Shift of Limited Liability Company as a Capital Association," Desak Putu Dewi Kasih examines the idea of Limited Liability Company after the enactment of the Job Creation Law. Specifically for M.S.E.s, this research found a new legal entity that is an individual company with the aim to ease the growth of their company by creating a legal organization with a single founder/shareholder. As a capital association, the Limited Liability Company undergoes a paradigm shift with this modification, which expands the idea that a single individual can create an Individual Company for M.S.E.s (Kasih, 2022).

Another study conducted by Nunik Febriningsih and Muhammad Faiz Aziz delves deeper into the proposed law that allows micro and small enterprises to form individual limited liability companies (PT). Following the passing of the Job Creation Law, which defines a limited liability company as “a legal entity consisting of a partnership of capital and shares” and “including individual legal entities with micro and small business criteria,” they examined the rules for setting up such a company. This study looked into the specifics of what a limited liability company must have to comply with the Job Creation Law, as well as the steps that must be taken to establish a limited liability company suitable for micro and small enterprises. After the Job Creation Law was passed, there were major changes in the idea and regulation of limited liability companies. One of the major developments was the introduction of a new form called the Individual Company for M.S.E.s, according to this study (Aziz & Febriningsih, 2020).

Based on previous studies that have been conducted, several gap analyses can be identified that indicate the need for further research on this topic. First, most existing studies still focus on the technical aspects of changes in P.T. regulations. Still, only some have examined the paradigm shift or basic philosophy of P.T. as a legal entity. Second, existing studies are generally descriptive-comparative, comparing the provisions before and after the Job Creation Law. Still, only a few have critically analysed the implications of the paradigm shift. Third, research needs to comprehensively examine the paradigm shift of P.T. from the perspective of legal entity theory, agreement theory, and institutional theory simultaneously. Fourth, studies on the implications of the paradigm shift on the accountability and governance aspects of Individual P.T.s still need to be completed.

The foregoing justifies the need to study the paradigm shift towards limited liability companies following the enactment of the Job Creation Law. I will begin by looking at the PT as a legal entity through the lens of corporate law theory and analyze the fundamental philosophical changes. Our second objective is to examine the paradigm shift and its impact on the evolution of corporate law in Indonesia. The third part of the analysis will focus on whether the notion of PT Perseorangan is in line with generally accepted rules of corporate law. The fourth objective is to investigate and assess the legal issues that may arise as a result of this paradigm shift. Fifteenth, to suggest changes to the PT Perseorangan regulations that would make them compatible with the principles of company law. Sixth, to address the lack of a complete scholarly investigation into the PT paradigm shift following the Job Creation Law from a legal theory standpoint. With the passing of the Job Creation Law, this research is expected to have a substantial impact on the evolution of corporate law in Indonesia, particularly with regards to the basic idea of a limited liability company.

Based on this, the researcher will propose the following problem: How is the paradigm shift that occurred in the Limited Liability Company as a capital partnership after enacting the Job Creation Law, especially with the introduction of the Individual Limited Liability Company concept? What are the implications of this paradigm shift on legal certainty for business actors and other stakeholders?

METHOD

This research utilizes a normative legal research methodology that combines conceptual and statutory techniques. This research explores the notion of Individual Limited Liability Company (PTP) and how PTP represents a paradigm shift in the limited liability company landscape after the enactment of the Job Creation Law. Theoretical and conceptual studies of corporate law are required to resolve these conceptual legal difficulties. A comparison between the legislation before and after the changes is necessary as this study also discusses the changes to the Limited Liability Company regulations in the Job Creation Law. These changes affect several sections in the Limited Liability Company Law.

The focus of this research is on philosophical and theoretical issues (Taekema & van der Burg, 2024). Here we look at the paradigm shift and how it changed the foundations of company law. Examining how the basic ideas of limited liability companies have evolved requires a more theoretical framework. The hallmarks of normative legal research include primary data sources such as laws and regulations and secondary data sources such as legal theories and doctrines from practitioners in the field of corporate law. A thorough examination of primary and secondary sources relating to the law is required for this research. The Individual Limited Liability Company is evaluated and suggestions are given using prescriptive-qualitative analysis.

The literature review was conducted by collecting and analyzing primary legal materials, such as the Limited Liability Company Law, the Job Creation Law, and other applicable laws and regulations, as well as secondary legal materials, such as books, scientific journals, legal articles, and the results of previous research related to the concept of Limited Liability Company. Document analysis includes careful reading of scientific papers, explanations of laws, and minutes of debates on the Job Creation law to understand the historical context of the modification of the idea of a Limited Liability Company.

RESULT AND DISCUSSION

Paradigm Shift of Company Concept in Copyright Law

The regulation of limited liability companies in Indonesia has been significantly changed by Law Number 11 of 2020 on Job Creation (Job Creation Law). This law replaces Law Number 40 of 2007 on Limited Liability Companies (UUPT). A number of important components relating to formation, legal status, capitalization, and the introduction of the new concept of Individual Limited Liability Company are amended.

The Job Creation Law makes several significant changes, one of which is the process to create and obtain the legal entity status of a Limited Liability Company. The Company must obtain the status of a legal entity after registering with the Minister of Law and Human Rights and obtaining proof of registration, in accordance with Article 109 number 2 of the Job Creation Law, which amends the provisions of Article 7 of the Company Law (Safitri, 2022). This is different from the previous clause in the Company Law which stated that the date of the Ministerial Decree authorizing the legal existence of the Company was the date the Company obtained legal entity status. The purpose of this change is to simplify the process of forming a PT and accelerate its transition into a legally recognized company. As

the Minister has not yet issued an official decision authorizing the legal existence of the Company, it is necessary to determine whether this change may cause legal confusion.

Another aspect that has undergone significant changes is related to the requirement for the number of founders of a P.T. The Job Creation Law introduces a new concept in the form of an Individual Limited Liability Company or Individual P.T. that 1 (one) person can establish (Harahap et al., 2021). This is a significant breakthrough, considering that the previous Company Law required a P.T. to be established by at least 2 (two) persons, except for state-owned P.T.s or those engaged in the capital market. This change allows micro and small business actors to establish a P.T. independently without looking for partners. However, this provision only applies to P.S.E.s that meet the Micro and Small Enterprises (M.S.E.s) criteria stipulated in the laws and regulations regarding M.S.E.s.

According to the Job Creation Law, individual PTs are deemed to have sufficiently established a company when they fill out a declaration of establishment form in Indonesian (Safitri, 2022). The Company Law stipulates that a notarial deed must be used to form a PT, although this is not currently the case. The simplification of the establishment procedure is clearly an attempt to make it easier for entrepreneurs to formally establish their companies. However, it is worth examining the possible future legal complications that may arise from this, given that the company's articles of association are not attached to a legal deed.

The permitted capital distribution for PTs is another area that has undergone substantial changes. In the UUPT, there was a provision that the authorized capital of a company must be at least Rp50,000,000,- (fifty million rupiah), but this provision has been revoked by the Job Creation Law Legal Update - Perubahan Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas Dalam Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja Legal Update - Perubahan Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas Dalam Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja (LexRegis, 2020). Removing the minimum authorized capital limit is intended to provide flexibility for business actors in determining the amount of capital according to their needs and abilities. However, this may lead to unfair practices such as establishing a P.T. with minimal capital, which can harm creditors or third parties who transact with the Company.

The duties of PT Perseorangan shareholders are also changed by the Job Creation Law. Shareholders of PT Perseorangan are not individually liable for agreements signed on behalf of the Company, according to Article 153J of the Job Creation Law. If the company suffers a loss that exceeds the value of their shares, they are not liable (Safitri, 2022). However, the following situations will render this limited liability null and void: (a) the Company has not been or is not established as a legal entity; (b) the shareholder concerned has been involved in the Company's unlawful acts, either directly or indirectly; or (c) the shareholder is a party to the Company's unlawful acts. While this clause protects individual PT shareholders from legal action, it opens the door for personal liability if the Company's legal entity is misused.

The requirement to deposit capital is another area that has undergone substantial revision. The requirement under the Limited Liability Company Law that a minimum of 25% of the authorized capital must be issued and fully paid up has been repealed by the Job Creation Law. The amount of capital that can be subscribed and paid up is determined by

the founders of the company under this clause (Sekarasih et al., 2023).

Regarding the company's organs, the Job Creation Law introduces the concept of a Sole Director for Individual P.T.s. This differs from the U.U.P.T. provisions, which require a minimum of one Director and one Commissioner in a P.T. This simplification of organ structure is intended to facilitate the management of Individual P.T.s, which are generally small in scale (Harahap et al., 2021).

The Job Creation Law also brings changes related to the G.M.S. decision-making mechanism. For Individual P.T.s, shareholder decisions equivalent to G.M.S. can be made in the form of written statements signed by shareholders (Safitri, 2022). This simplifies the decision-making process when considering only one shareholder in an individual P.T. Another change is related to reporting obligations. The Job Creation Law stipulates that Individual P.T.s are required to make financial statements that are separated from the personal wealth of the shareholders (Safitri, 2022). This provision is vital to maintaining the principle of separation of wealth between the Company and the shareholders.

Application of Limited Liability Company Principle to Individual Company as stipulated in the Job Creation Law

According to the author, a limited liability company's fundamental philosophy is that of an alliance of capital, and the idea of an individual firm runs counter to this. In order to manage a business, a group of people might pool their resources and create a limited liability corporation (LLC). Law No. 40 of 2007 reflects this idea in its definition of a limited liability company, which specifies that an agreement is the basis for the establishment of a limited liability company. It is implied that two or more parties have reached an agreement in this context. At the same time, a corporation typically has a single founder and stockholder (Wiryadi & Novendra, 2021).

A number of theoretical and practical issues arise when trying to put into practice the concepts of limited liability and the division of assets between a corporation and its shareholders. A legal first, the Job Creation Law regulates the formation of limited liability companies by a single individual. This is different from the traditional idea of a limited liability business, which involves pooling the money of many people (Spaltani et al., 2023).

One defining feature of an LLC is the limited liability concept, which shields stockholders from legal action that goes beyond the initial investment. When a business's founder also serves as its sole shareholder and director, putting this notion into practice is trickier. In one sense, this idea is still useful for shielding the founder's wealth from the dangers that can beset the firm. Meanwhile, there's always the chance that someone may exploit the legal structure to shield themselves from responsibility if there's a lot of authority concentrated in one person (Pangesti et al., 2024).

This is when the idea of penetrating the corporate veil comes into play. In some cases, this theory permits the court to disregard the limited liability shield and find corporate executives and stockholders individually liable. In small businesses, where the roles of shareholders and officials are often confused, this principle may be used more often. It may be shown, for instance, that the founder's personal money has been mixed with the firm's, or that fraud or other illegal activities were perpetrated through the use of the company

(Siregar et al., 2022).

The principle of separation of wealth between the company and shareholders also needs help in individual companies. Theoretically, this principle still applies, meaning the company's wealth must be separated from the founder's. However, this separation may be difficult in practice, given that the founder is also the sole shareholder and director. The risk of wealth mixing becomes more significant, especially in the context of micro and small businesses, which are the main targets of this form of individual company (Siregar et al., 2022).

To overcome this challenge, stricter regulations and more intensive supervision of individual companies are required. For example, there is an obligation to clearly and separately bookkeeping personal finances and company finances. In addition, it may also be necessary to report certain transactions involving the founder in his capacity as a person and as an organ of the company to prevent conflicts of interest and abuse of the legal form (Pangesti et al., 2024).

When everything is handled by a single individual, it can be difficult to properly apply excellent corporate governance concepts including openness, responsibility, accountability, independence, and justice. However, the principles are relevant. Instead, specific mechanisms may be required to ensure that the principles are still carried out, albeit in a form that may differ from a conventional limited liability company (Pahlevi et al., 2023).

One crucial aspect that needs to be considered is the protection of creditors and other third parties transacting with the individual company. Given the absence of a minimum capital limit in establishing a particular company, creditors and third parties may face more significant risks. Therefore, additional protection mechanisms may be required, such as disclosing the individual company status in every business transaction or providing personal guarantees in certain transactions (Legalitas, 2024).

Another aspect to consider is the implication of an individual company to bankruptcy law. In a conventional limited liability company, there is a clear separation between the company's and the shareholders' bankruptcy. However, this separation becomes more blurred in an individual company, where there is a unification between founders, shareholders, and administrators. Does the bankruptcy of an individual company automatically also mean the personal bankruptcy of its founder? This is a question that needs to be answered through precise regulation.

Applying the principles of limited liability and separation of wealth in an individual company also needs to consider the primary purpose of introducing this business entity, which is to facilitate and encourage the development of micro and small businesses. On the one hand, these principles are essential to provide legal protection and promote courage in business. On the other hand, more flexible applications may hinder the flexibility required by micro and small enterprises (Siregar et al., 2022).

A more flexible and contextual approach to applying limited liability principles and wealth segregation may be required. For example, these principles could be used in stages, such as developing and scaling the individual company's business. For tiny businesses, more lenient rules may be applied, but stricter rules will be used as the business grows.

On the one hand, the principles of limited liability and separation of assets in individual companies remain relevant and essential to provide legal protection and encourage business development. On the other hand, their application needs to consider the unique characteristics of individual companies and the primary purpose of introducing this business entity. A balance is required between legal protection, business flexibility, and protection of the interests of third parties. This may require the development of new legal doctrines or modifying existing ones to accommodate this new reality of the individual company (Amnawaty & Baringbing, 2022).

Traditionally, When many individuals pool their resources to establish a single entity, the resulting firm is known as a limited liability corporation (LLC). Law No. 40 of 2007 on Limited Liability companies reflects this mindset in its definition of a limited liability company, which stipulates that a limited liability company is a legal organization that is an association of capital. However, introducing the concept of an individual company has caused a significant paradigm shift.

Government Regulation No. 8 of 2021 and the Job Creation Law both state that a single individual is the only one who can form a firm. The capital punishment idea, in which many parties are involved, is obviously different from this. Additionally, there is no minimum capital amount specified in the Job Creation Law for the establishment of an individual firm. The decision of the company's founders determines each individual company's permitted capital, pursuant to Government Regulation No. 8 of 2021. The relevance of capital to the idea of a separate legal entity for a business is therefore called into doubt (Rumawi et al., 2023).

The need for approved and paid-up capital remains for individual businesses. A minimum of 25% of the authorized capital must be deposited, with proper proof of deposit required, even if the amount is decided by the founders. This obligation shows that capital still plays a vital role in an individual company, although perhaps less crucial than in a conventional limited liability company.

However, this flexibility also poses its challenges. Without a minimum capital limit, there is a risk that an individual company is established with very little or even no capital. This may raise concerns regarding protecting creditors and third parties transacting with the company. Therefore, there may be a need for additional protection mechanisms, such as the obligation to disclose the status of an individual company in every business transaction (Kasih, 2022).

It is still possible to classify a single business as a "capital association" even when the function of capital inside some companies has changed. It is necessary to see the term "capital punishment" in a more holistic light. Even if there is only one founder in a sole proprietorship, the wealth of the founder and the business itself are still legally distinct. Since a corporation is a distinct legal entity from its creator, the money invested in it remains the property of the subsidiary. Consequently, the money placed into the firm still has some "association" with the originator.

The concept of "capital association" in an individual company can be understood as the potential for future business development. Although formed by a single individual, an individual company has the potential to evolve into a traditional limited liability company as

it expands over the micro and small business threshold or as additional shareholders are brought on board (Kasih, 2022). This change in thinking has already been implemented in Indonesian law. The previous version of the Limited Liability business Law allowed for the formation of a business by only one person shareholder in the context of B.U.M.N. and B.U.M.D (Kasih, 2022).

Furthermore, applying the principles of transparency and accountability to individual companies is a challenge, because of the specifics of this kind of company that caters to small enterprises. Companies, as separate legal entities, are still obligated to follow the rules of good corporate governance, which include being open and accountable to stakeholders. Conversely, it is difficult to follow the same criteria as a limited liability corporation due to the small size and limited resources of micro and small firms.

Considering the unique features and primary goals of establishing this corporate entity is essential for adhering to the principles of openness and responsibility. By making the process of obtaining legal entity status easier, we want to promote and support the growth of micro and small businesses. Thus, in order to make it more manageable for micro and small company players, while still achieving the minimum criteria needed to preserve the integrity of the legal organization, the principles of openness and accountability should be changed to apply to individual enterprises.

According to Government Regulation No. 8 of 2021 on the company's Authorized Capital and Registration of Establishment, Change, and Dissolution of firms that Meet the Criteria for Micro and Small Enterprises, individual firms are required to present financial statements. Six months after the date of incorporation is the deadline for submitting this financial report. A year's worth of financial statements should include an income statement, a statement of financial status, and some comments to the financial statements.

The obligation to submit this financial report shows that the principles of transparency and accountability are still applied to individual companies, although in a more straightforward form than limited liability companies. This simplification can be seen from the required components of the financial statements, which only include the essential elements of the financial statements. This is different from a general limited liability company, which is necessary to prepare more comprehensive financial statements, including a cash flow statement and a statement of changes in equity (Kasih, 2022).

Despite this simplification, the obligation to submit financial statements remains challenging for most micro and small business owners, who may need to become more familiar with structured bookkeeping and financial reporting practices. Many micro and small businesses still run their businesses with simple bookkeeping or even no bookkeeping at all. Therefore, education and assistance from the government and related institutions are needed to assist micro and small businesses fulfil this financial reporting obligation.

In addition to financial statements, individual companies must report beneficial owners. This obligation aligns with the government's efforts to prevent money laundering and terrorism financing. Reporting the beneficial owner may seem simple, where the founder is also the sole shareholder and director. However, this obligation remains essential to ensure transparency of ownership and control of the company (Brunnermeier & Krishnamurthy,

2020).

Despite the reporting obligation, an individual company's transparency and accountability standards remain simpler than those of a limited liability company. For example, an individual company is not required to hold an Annual General Meeting of Shareholders (G.M.S.) or submit a comprehensive annual report like a general limited liability company. This is because an individual company's ownership and management structure is centralised in one person.

However, this simplification of transparency and accountability standards does not mean that individual companies can ignore the principles of good corporate governance. Instead, this simplification is expected to encourage micro and small businesses to gradually start implementing good corporate governance practices by the capacity and scale of their business (Orazalin & Mahmood, 2021).

Applying the principles of transparency and accountability to individual companies also needs to consider aspects of protection for creditors and other third parties. Although the scale of business is small, an individual company is still a legal entity that has its rights and obligations. Therefore, transparency and accountability are still needed to ensure that parties transacting with individual companies have sufficient information to make decisions (Mutamimah et al., 2023).

Financial reporting standards for micro and small enterprises need to be developed. These standards should be simple enough to be implemented by micro and small businesses while still providing adequate information for users of the financial statements. Some countries have developed such standards, such as SAK EMKM (Financial Accounting Standards for Micro, Small and Medium Entities) in Indonesia.

Aspects of personal data protection must also be considered while implementing the principles of accountability and openness in individual enterprises. When a single individual acts as both the company's creator and its sole shareholder and director, it might be difficult to completely isolate the business's financial data from that of the founder. Therefore, there needs to be a balance between the need for transparency and the protection of the privacy of individual company founders (Purwaningsih, 2019).

Legal Implications of Paradigm Shifts on Legal Certainty

The regulation of limited liability companies in Indonesia has been substantially altered by Law Number 11 of 2020 on Job Creation (Job Creation Law), which supersedes Law Number 40 of 2007 on Limited Liability Companies (U.U.P.T.). There will be much more clarity in the law for those involved in business and other interests relating to limited liability companies as a result of this rule change.

According to the notion of legal certainty, in order for the law to serve as a clear and unambiguous guide for community behavior, it must be clear, strong, and consistent. Along with fairness and expediency, legal certainty is one of the fundamental principles of law, according to Gustav Radbruch. Predictability and consistency in the application of the law are ensured by legal certainty (Omaggio, 2022).

On the one hand, One interpretation of the introduction of the Individual Company idea is that it is an attempt to provide micro and small company players with more legal clarity.

Micro and small company owners have a greater chance to formalize their firm as a legal entity with the ability to create a P.T. independently. Since the owner's personal assets are no longer considered part of the firm, they may be better protected under the law. In addition, legal entity status can also improve access to financing and broader business opportunities.

However, this change also raises questions about the consistency and coherence of the P.T. legal system in Indonesia. The concept of an Individual Company contradicts the basic principle of a P.T. as an entity established under an agreement between two or more parties. This may lead to confusion in the interpretation and application of P.T. law, particularly concerning corporate governance, shareholder liability and creditor protection (Faried et al., 2023).

Establishing an Individual Company can be done through an electronic system using a standardised format provided by the government. On the one hand, this can improve efficiency and ease in establishing a P.T., which aligns with the objective of the Job Creation Law to create a better investment climate. However, this simplification of procedures also raises concerns about potential abuse and lack of supervision in establishing P.T.s.

From a legal certainty perspective, this change in the P.T. establishment procedure has two sides. On the one hand, standardisation and digitisation of the process can improve consistency and predictability in establishing a P.T. Businesses have clarity on the requirements and procedures that must be followed, reducing uncertainty and potential irregularities in the P.T. establishment process. However, this convenience can also open up opportunities for irresponsible parties to establish a P.T. with adequate preparation and understanding of the legal responsibilities that come with it (Falentina et al., 2021).

Another significant change is related to the authorised capital of a P.T. The Job Creation Law abolishes the minimum authorised capital requirement of IDR 50 million previously stipulated in the Company Law. This abolition allows business actors to determine the initial capital according to their needs and capabilities. From a legal certainty perspective, this change can be seen as an effort to remove formal barriers that are often an obstacle for small businesses in establishing a P.T (Wiryadi & Novendra, 2021).

Job Creation Law introduces a broader concept of “shareholder responsibility”. While this provision is intended to provide additional protection for creditors and third parties, it also creates new uncertainties. Clear limitations and criteria on when and under what conditions shareholders can be personally liable must be further regulated to provide legal certainty for all parties (Kusuma, 2022).

Another noteworthy change is related to corporate governance. The Job Creation Law provides greater flexibility in the internal arrangements of P.T.s, including electronically organising the General Meeting of Shareholders (G.M.S.). This flexibility can be viewed positively regarding legal certainty as it allows P.T.s to adapt to technological developments and changing situations. However, there needs to be further clarity on the mechanism and legal validity of the electronic G.M.S. to avoid potential disputes in the future (Eddymurthy, I. A., & Malessy, 2024).

One of the primary obstacles to achieving legal certainty in light of these revelations.T. regulatory developments are ensuring that the whole P.T. the legal system remains

consistent and coherent. A number of sections of the U.U.P.T. are revised by the Job Creation Law, but does not replace the U.U.P.T. as a whole. This may lead to confusion in the interpretation and application of the law, especially if there are seemingly conflicting provisions between the Job Creation Law and the U.U.P.T. (Athina et al., 2022).

Careful harmonisation between the Job Creation Law, U.U.P.T., and other implementing regulations is required to address this. The government needs to issue comprehensive and transparent implementing rules to regulate the technical details of the changes brought by the Job Creation Law. These regulatory changes may create new legal uncertainties for business actors and other stakeholders without adequate regulations (Qosim, 2022).

Furthermore, the changes to the P.T. regulations must also be seen in Indonesia's broader context of business law reform. The Job Creation Law changes the regulation of P.T.s and various other aspects of business law, including licensing, labour, and taxation. These changes are interrelated and affect each other. Therefore, a holistic and integrated approach to implementation and enforcement is required to achieve optimal legal certainty (Rahimy, 2023).

From the perspective of business actors, the changes in P.T. regulations bring opportunities and challenges. On one hand, the ease and flexibility offered by the Job Creation Law can encourage business growth and investment. However, businesses must also correctly understand these changes' legal implications to avoid future legal risks. Therefore, intensive socialisation and education to business actors and the wider community are crucial to correctly understanding and implementing these regulatory changes (Maarif, 2021).

CONCLUSION

With the passage of the jobs Creation Law, there has been a sea change in Indonesian thinking about and regulation of P.T.s, thanks to the new paradigm of limited liability companies. The biggest shift is the introduction of the idea of an Individual Limited Liability Company, which provides a legal framework for micro and small companies to be set up by a single individual. The traditional view of a P.T. as a capital partnership formed by at least two individuals has given way to this new reality. This change has significant ramifications for several areas of company law, such as limited liability, wealth segregation, and corporate governance. There will be theoretical and practical hurdles to implementing long-established principles of corporation law as a result of this move, notwithstanding its intended benefit of streamlining the formalization of micro and small enterprises. Eliminating the minimum authorised capital requirement and simplifying P.T. establishment procedures are significant changes aimed at providing flexibility and convenience for business actors. The implications of the P.T. paradigm shift on legal certainty for business actors and other stakeholders are multi-dimensional. On the one hand, these regulatory changes can increase legal certainty by providing clarity and ease of P.T. establishment procedures, especially for micro and small businesses. However, these changes also create new uncertainties, especially concerning applying the principle of limited liability in Individual P.T.s, the protection of creditors and

third parties, and the supervision mechanism for P.T.s with minimal capital. Greater flexibility in the internal arrangements of P.T.s, including holding G.M.S. electronically, brings challenges in ensuring the legal validity of the decisions taken. These regulatory changes also demand careful harmonisation between the Job Creation Law, U.U.P.T., and other implementing regulations to maintain the consistency and coherence of the P.T. legal system. These changes may create new legal uncertainties without comprehensive and transparent implementing rules. Therefore, a holistic and integrated approach is needed to implement and enforce the law, including intensive socialisation and education for business actors and the wider community.

REFERENCE

- Amnawaty, A., & Baringbing, M. S. (2022). Perlindungan Hukum Terhadap Usaha Mikro Kecil Dan Menengah Pada Masa Pandemi Covid-19 Di Kota Bandar Lampung. *Crepido*, 4(1), 12–22.
- Athina, S. T., Purnama, E., & Efendi, E. (2022). Dualisme Hukum Pendirian Perseroan Terbatas Pasca Berlakunya Undang-Undang Cipta Kerja. *Jurnal USM Law Review*, 5(2), 466–477.
- Aziz, M. F., & Febriananingsih, N. (2020). Mewujudkan Perseroan Terbatas (PT) Perseorangan Bagi Usaha Mikro Kecil (UMK) Melalui Rancangan Undang-Undang Tentang Cipta Kerja. *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 9(1), 91.
- Brunnermeier, M., & Krishnamurthy, A. (2020). Corporate debt overhang and credit policy. *Brookings Papers on Economic Activity*, 2020(2), 447–502.
- Eddymurthy, I. A., & Malessy, A. C. R. (2024). *Corporate Governance in Indonesia: Management of a Company*. <https://ssek.com/blog/corporate-governance-in-indonesia-management-of-a-company/?lang=id>
- Falentina, A. T., Resosudarmo, B. P., Darmawan, D., & Sulistyaningrum, E. (2021). Digitalisation and the performance of micro and small enterprises in Yogyakarta, Indonesia. *Bulletin of Indonesian Economic Studies*, 57(3), 343–369.
- Faried, F. S., Putri, H. A. A., Arum, D. A. S., & Az-Zahra, S. A. (2023). Individual Corporations in Indonesia: Fostering Economic Growth and Fairness through Simplified Business Formation. *Rechtsidee*, 11(2), 10–21070.
- Harahap, Y. D., Santoso, B., & Prasetyo, M. H. (2021). Pendirian Perseroan Terbatas Perseorangan Serta Tanggung Jawab Hukum Pemegang Saham Berdasarkan Undang-Undang Cipta Kerja. *Notarius*, 14(2), 725–738.
- Kasih, D. P. D. (2022). Perseroan Perorangan Pasca UU Cipta Kerja: Perubahan Paradigma Perseroan Terbatas Sebagai Asosiasi Modal. *Arena Hukum*, 15(1), 20–37.
- Kusuma, D. C. (2022). Pertanggungjawaban Perseroan Perorangan Pasca Pergeseran Paradigma Perseroan Terbatas Sebagai Persekutuan Modal. *Lex Renaissance*, 7(3), 476–490.
- Legalitas. (2024). *Update 2024: Inilah Cara Mendirikan PT Perorangan Sesuai UU Cipta Kerja*. Legalitas.Org. <https://legalitas.org/tulisan/inilah-cara-mendirikan-pt-perorangan-sesuai-uu-cipta-kerja>

- LexRegis. (2020). *Legal Update - Perubahan Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas Dalam Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja*. <https://www.lexregis.com/newsletter/legal-update-perubahan-undangundang-nomor-40-tahun-2007-tentang-perseroan-terbatas-dalam-undangundang-nomor-11-tahun-2020-tentang-cipta-kerja>
- Maarif, S. (2021). Job creation law: What's next change in Indonesian Business Competition Law? *Jurnal Hukum Dan Peradilan*, 10(3), 479–500.
- Mutamimah, M., Alifah, S., & Adnjani, M. D. (2023). Corporate governance innovation framework to reduce credit risk in MSMEs using blockchain technology. *Cogent Business & Management*, 10(3), 2250504.
- Omaggio, V. (2022). Idea e realtà del diritto. La Rechtsphilosophie di Gustav Radbruch. *Materiali per Una Storia Della Cultura Giuridica*, 52(2), 357–380.
- Orazalin, N., & Mahmood, M. (2021). Toward sustainable development: Board characteristics, country governance quality, and environmental performance. *Business Strategy and the Environment*, 30(8), 3569–3588.
- Pahlevi, R. W., Alam, M. M., Harjito, D. A., & Said, J. (2023). Implementation of corporate governance principles to support sustainable development goals in Yogyakarta's traditional markets. *International Journal of Ethics and Systems*, 39(3), 659–676.
- Pangesti, S., Pasaribu, D., & Puteri, E. R. M. (2024). Comparing an Individual Limited Liability Company in Indonesia and a Single-Member Limited Liability Company Owned by an Individual in Vietnam. *SAS*, 30(1), 22–39.
- Purwaningsih, E. (2019). Empowerment model of micro, small, and medium enterprises (Msmes) village tourism business in e-commerce transactions and legal protection. *Journal of Advanced Research in Law and Economics*, 10(3 (41)), 876–885.
- Qosim, S. (2022). Opini Hukum dan Harmonisasi Undang-Undang Cipta Kerja Di Indonesia. *Adalah: Buletin Hukum & Keadilan*, 6(4), 45–55.
- Rahimy, A. (2023). The Legal Impact of Merger, Acquisition, and Other Corporate Restructuring Activities on Employment Relationship Based on Labor Law in Indonesia After the Enactment of the Job Creation Law. *Polit Journal Scientific Journal of Politics*, 3(3), 150–159.
- Rohendi, A. (2023). Dampak UU Cipta Kerja Terhadap Kaidah Hukum Bisnis. *Jurnal Hukum Dan Bisnis (Selisik)*, 9(2), 1–26.
- Rumawi, R., Sariroh, S., Basuki, U., Towadi, M., Ali, M., & Supianto, S. (2023). Karakteristik Perseroan Terbatas Perorangan dalam Hukum Indonesia. *Jurnal Hukum Bisnis*, 12(02), 63–73.
- Safitri, A. M. (2022). Analisis Hukum Perseroan Terbatas Perorangan Berdasarkan Pasal 109 Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja Terhadap Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas. *Jurnal Kewarganegaraan*, 6(2), 3353–3374.
- Sekarasih, S., Budiono, A. R., Sukarmi, S., & Santoso, B. (2023). Pergeseran Paradigma Pendirian Perseroan Terbatas Dalam Undang-Undang Cipta Kerja. *Jurnal Ius Constituendum*, 8(2), 207.

- Siregar, I. C., Sunarmi, S., Siregar, M., & Sukarja, D. (2022). Tanggung Jawab dan Tata Kelola Perseroan Perorangan Sebagai Badan Hukum Baru di Indonesia. *Locus Journal of Academic Literature Review*, 26–35.
- Spaltani, B. G., Putri, U. T., & Alwajdi, M. F. (2023). One-Man Company Policy and Its Impact on Improving Citizen Welfare. *Yuridika*, 38(1), 121.
- Taekema, S., & van der Burg, W. (2024). Theoretical and normative frameworks for legal research. In *Contextualising Legal Research* (pp. 79–92). Edward Elgar Publishing.
- Widyari, D. P. (2024). Analisis Yuridis Perbandingan Ketentuan Pendirian Perseroan Terbatas dalam Undang-Undang Cipta Kerja dan Undang-Undang Perseroan Terbatas di Indonesia. *Jurnal Ilmiah Penegakan Hukum*, 11(1), 65–80.
- Wiryadi, K. J., & Novendra, B. (2021). Minimum Authorized Capital After the Enactment of Job Creation Law: Status Quo, Controversies, and Road Ahead. *Lentera Hukum*, 8, 1.