

Legal Analysis of the Cancellation of Homologation in the Process of Postponement of Debt Payment Obligations (PKPU) in Decision Number 1345 K/Pdt.Sus-Bankment/2024

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Suspension of Debt Payment Obligations (PKPU) is a legal mechanism that provides debtors with the opportunity to restructure their debts through a peace agreement with creditors. The peace agreement becomes legally binding after being ratified by the court through homologation. However, Law Number 37 of 2004 allows for the cancellation of homologation if the debtor fails to implement the terms of the peace agreement, which can lead to bankruptcy and significant legal consequences for the parties. This problem is reflected in Decision Number 1345 K/ Pdt.Sus - Pailit/2024, so it needs to be studied in depth. The formulation of the problem in this study includes: first, how the judge's legal considerations in deciding to cancel the homologation in Decision Number 1345 K/ Pdt.Sus -Pailit/2024 and second, what are the legal consequences of the cancellation of homologation for debtors and creditors in the decision. The research method used is normative juridical legal research with a statutory approach, a case approach, and a conceptual approach. The legal materials used consist of primary, secondary and tertiary legal materials which are analyzed qualitatively. The results of the study indicate that the judge's legal considerations in deciding the cancellation of homologation are based on the proven negligence of the debtor in carrying out payment obligations as stipulated in the homologated peace agreement, thus fulfilling the provisions for homologation cancellation according to Law Number 37 of 2004. Viewed from the theory of legal certainty, justice, and benefit, the decision confirms the consistency of the application of the law to violations of peace. The legal consequences of the cancellation of homologation in the *a quo decision* are the termination of the PKPU peace agreement, the change in the debtor's legal status to bankruptcy, and the restoration of the creditor's rights to collect their receivables through the bankruptcy mechanism according to the principle of *paritas creditorum*.

Keywords: Homologation, Bankruptcy, PKPU.

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1. Introduction

The Suspension of Debt Payment Obligations (PKPU) is an important mechanism in the Indonesian bankruptcy legal system, aimed at providing debtors and creditors with the opportunity to resolve debt issues through amicable restructuring (Absori & Rochman, 2015). Through this mechanism, debtors experiencing liquidity difficulties but still possessing business prospects can submit a composition plan to their creditors. If the composition plan is approved by a majority of creditors and deemed feasible by the court, the court will ratify it through a homologation decision. Thus, the PKPU not only serves as a means of rescuing the debtor's business but also as an instrument that provides certainty of payment for creditors. (Cindarbumi & Suryamah, 2022).

The significance of the PKPU is evident in the increasing number of PKPU applications each year, particularly following the COVID-19 pandemic, which has significantly put financial pressure on various business sectors. This development demonstrates that the PKPU has become a reliable mechanism for businesses facing sudden and structural financial pressures. This phenomenon demonstrates that the

PKPU has become a legal instrument relied upon by businesses when facing financial difficulties, whether temporary or structural (Ismail, 2021).

Normatively (*das sollen*), the regulation regarding PKPU in Indonesia is contained in Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. The law stipulates that if the reconciliation plan has been approved by the majority of creditors and does not conflict with legal provisions, the court is obliged to ratify it through a homologation decision (Kansil & William, 2023). The homologation decision has binding legal force for all creditors, including creditors who reject or are not present at the voting meeting. Therefore, homologation is an important stage in the PKPU process because it serves as the legal basis for the implementation of debt restructuring between debtors and creditors (Lubis, 2024).

However, the law also provides a corrective mechanism for approved peace agreements. Creditors are given the right to file for the cancellation of homologation if the debtor does not fulfill the obligations as stated in the peace agreement. This provision is regulated in Article 170 paragraph (1), which states that creditors can demand the cancellation of the peace agreement if the debtor fails to fulfill the contents of the peace agreement. Theoretically, this provision is intended to maintain the credibility of the PKPU as a fair and balanced debt restructuring mechanism, while also preventing the misuse of the PKPU by debtors who do not have good faith to fulfill their obligations.

However, in practice (*das sein*), the implementation of the provisions regarding homologation cancellation does not always run according to the ideal objectives envisioned by the law. Several studies show that quite a few PKPU cases end in homologation cancellation because the debtor is unable to fulfill the payment commitments as stated in the settlement agreement. This condition often occurs within a relatively short time after the homologation decision is issued, indicating that the settlement plans proposed by the debtor are not always realistically formulated (Stanly & Tanawijaya, 2022).

Several scientific studies conducted by Christine ST Kansil, Lavienda William, Muhammad Rum Lubis, and S. Kalundas also show a recurring trend of restructuring agreements being cancelled due to debtors' inability to fulfill their payment obligations. These findings indicate the potential for *moral hazard* and the debtors' unpreparedness to develop realistic and accountable restructuring plans (Kansil & William, 2023).

The increasing number of homologation cancellations also indicates that the oversight mechanism for the implementation of the restructuring plan is not yet optimal. In practice, the administrators and curators appointed in the PKPU process have limited authority to oversee the implementation of the restructuring plan. Courts generally only take action if a creditor files a cancellation request. This situation potentially opens up opportunities for debtors in bad faith to delay payment obligations until the creditor files a homologation cancellation request (Silaban, Diaugusti, & Adven, 2023).

One interesting case to examine is Decision Number 1345 K/ Pdt.Sus -Bankruptcy/2024, which is a cassation decision on case Number 2/ Pdt.Sus -Homologasi/2024/PN Niaga Semarang. This decision is relevant because the Supreme Court not only reassesses the legal considerations provided by the judge at the previous level, but also provides confirmation regarding the assessment standards for homologation cancellations under the PKPU mechanism. In this decision, the panel of judges comprehensively assesses the elements of debtor negligence, good faith, and consistency in implementing the reconciliation plan before deciding whether the homologation cancellation can be granted.

From a theoretical perspective , homologation cancellation is closely related to the principles of good faith, legal certainty, and legal protection for creditors. In the context of a PKPU (Commitment to Payment for Debt) suspension, a debtor who submits a restructuring plan essentially declares his or her willingness to

responsibly restructure his or her debt obligations (Andany & Afriana, 2021). If the debtor subsequently reneges on the terms of the restructuring plan, homologation cancellation is a logical legal consequence, as the restructuring agreement must be implemented in accordance with the principles of *pacta sunt servanda*. However, the cancellation of the homologation also has serious consequences, as the collapse of the settlement agreement could result in the debtor being declared bankrupt, which would ultimately affect the recovery rate for creditors (Annisa, 2015).

Based on the background description, this study discusses two problems, namely related to the judge's legal considerations in deciding the cancellation of homologation in Decision Number 1345 K/ Pdt.Sus - Pailit/2024 and the legal consequences of the cancellation of the homologation for debtors and creditors.

2. Research Methods

This research uses a normative juridical research method, namely research that examines law as a norm that applies in a positive legal system. This approach focuses on the analysis of laws and regulations, legal principles, legal doctrines, and court decisions relevant to the problem being studied (Sunggono, 2003). In this context, the research aims to analyze the judge's legal considerations and the legal consequences of the cancellation of homologation in the Suspension of Debt Payment Obligations (PKPU) process as reflected in Decision Number 1345 K/ Pdt.Sus -Pailit/2024. This research is descriptive-analytical, namely systematically describing the legal phenomena studied while analyzing them based on applicable legal provisions and bankruptcy legal doctrine.

The data sources used in this study are secondary data consisting of primary, secondary, and tertiary legal materials. Primary legal materials include laws and court decisions, including the 1945 Constitution of the Republic of Indonesia, the Civil Code, and Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations and court decisions that are the object of the study. Secondary legal materials include textbooks, scientific journals, research results, and expert opinions related to bankruptcy law and homologation cancellation, while tertiary legal materials include legal dictionaries and encyclopedias that provide guidance on other legal sources. All data were analyzed using the deductive method, namely by drawing conclusions from general legal provisions to then apply them to specific legal events in the cases studied (Sugiyono, 2016).

3. Results and Discussion

The Judge's Legal Considerations in Deciding to Cancel Homologation in Decision Number 1345 K/ Pdt.Sus -Bankrupt/2024

In the legal regime of bankruptcy and Suspension of Debt Payment Obligations (PKPU), judges not only function as mechanical implementers of legal norms, but also carry out judicial functions that are loaded with legal policy considerations. PKPU cases (Margono, 2014) are not solely related to civil relations between debtors and specific creditors, but also concern the collective interests of creditors and the stability of the bankruptcy legal system as a whole. Therefore, in examining applications for cancellation of homologation, judges are required to balance legal certainty, substantive justice and the main purpose of PKPU as a debt restructuring mechanism (Amrullah, 2023). The judge's role in this case is active and progressive because the judge not only assesses the arguments of the parties, but also ensures that the PKPU mechanism is not abused, either by the debtor as a means of improperly postponing payment obligations or by creditors as a tool to force the debtor into bankruptcy without considering the possibility of business recovery.

In carrying out this function, the judge must be able to combine normative and factual assessments proportionally. The normative assessment relates to the compliance of the homologation cancellation request with applicable legal provisions, particularly those stipulated in Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, while the factual assessment relates to the concrete conditions under which the reconciliation agreement is implemented by the debtor. In addition, the judge must also apply strict standards of proof because the reconciliation agreement is an exceptional legal instrument. In this case, the judge needs to carefully assess whether there has been a substantial violation of the terms of the reconciliation agreement or whether there are simply implementation obstacles that can still be corrected. Therefore, the reconciliation agreement should be viewed as *the ultimate measure. Remedium* is carefully imposed by considering the difference between default which contains elements of the debtor's fault and objective inability caused by factors beyond the debtor's control, so that the resulting decision still reflects the principles of justice, proportionality and legal protection for all parties involved (Silaban, Diaugusti, & Adven, 2023).

In this study, the author examines Decision Number 1345 K/ Pdt.Sus -Bankruptcy/2024. This decision is a special civil case concerning a request to annul a settlement agreement in a debt payment suspension (PKPU) process that was examined up to the cassation level. This case involves several companies as debtors that had previously undergone the PKPU process and obtained approval of the settlement agreement through a homologation decision.

a. Position Case

The Applicants for Cassation in this case are PT Sri Rejeki Isman, Tbk., PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya, represented in the case by GP Aji Wijaya, SH, and colleagues. The four companies previously acted as Respondents in the petition to annul the settlement. The opposing party, PT Indo Bharat Rayon, acted as Respondent in the cassation appeal and previously acted as Petitioner for the annulment of the settlement. The dispute arose after the peace agreement that had been ratified through homologation was deemed not to have been implemented properly, thus prompting the submission of a request to cancel the homologation which then continued to the examination at the cassation level by the Supreme Court.

The case of homologation cancellation in this Decision originated from the Debt Payment Suspension (PKPU) process undertaken by PT Sri Rejeki Isman Tbk along with its affiliated entities, namely PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha. Mandirijaya. During the PKPU (Payment and Payment Order) process, the debtors and their creditors, including PT Indo Bharat Rayon, reached a settlement agreement, which was then ratified through a homologation decision by the Commercial Court at the Semarang District Court on January 25, 2022. With the ratification of the settlement, the debtors are obligated to implement the debt repayment scheme as agreed in the settlement agreement.

However, in its implementation, the creditors considered that the debtors did not fulfill their payment obligations in accordance with the contents of the homologation decision. Based on this alleged negligence, the creditors filed a request to annul the peace settlement to the Commercial Court at the Semarang District Court. Through Decision Number 2/ Pdt.Sus -Homologasi/2024/PN Niaga Smg dated October 21, 2024, the court granted the request by declaring the debtors negligent in implementing the contents of the peace settlement, canceling the homologation, and declaring the debtors bankrupt. Not accepting the decision, the debtors then filed a cassation appeal to the Supreme Court requesting that the Commercial Court's decision be annulled and the request to annul the peace settlement be rejected, while the creditors maintained their arguments by submitting a counter cassation memorandum.

b. Judge's Legal Considerations

In examining this cassation case, the Supreme Court judge first assessed the formal aspects of the cassation petition and declared it acceptable because it was filed in accordance with statutory provisions. Next, the Supreme Court judge assessed the substance of the case by linking the arguments in the cassation memorandum and counter-cassation memorandum with the legal considerations of the first instance court. The judge also emphasized that the cassation applicants were previously under PKPU status based on the Semarang Commercial Court Decision dated May 6, 2021, which then ended with the ratification of the settlement agreement through a homologation decision on January 25, 2022. The homologation decision obligated the debtors to fulfill their payment obligations to creditors in accordance with the scheme specified in the settlement agreement.

In his deliberations, the Judge determined that, based on the evidence presented, the debtors were proven to have failed to fulfill their payment obligations as stipulated in the homologation decision. The last recorded payment was made in June 2023, after which the debtors ceased making any further payments to the creditor. The reasons for the payment cessation proposed by the debtors, including the allegation of possible payment by a third party, were deemed unproven.

The judge further stated that the debtors' negligence in implementing the contents of the peace agreement had fulfilled the provisions for the cancellation of homologation as stipulated in Law Number 37 of 2004 concerning Bankruptcy and PKPU, specifically Article 170, Article 171 and Article 291. Therefore, the Supreme Court was of the opinion that the Commercial Court's decision to grant the request for cancellation of peace was not contrary to the law. Based on these legal considerations, the Judge in his ruling decided as follows:

- a. Rejecting the cassation application filed by PT Sri Rejeki Isman, Tbk., PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya .
- b. Ordering the Applicants to pay all court costs which in the cassation examination were set at IDR 5,000,000.00 (five million rupiah);

By rejecting the cassation application, the Supreme Court Judge confirmed the decision *of the Judex. facti* which have annulled the peace previously ratified through homologation.

c. Legal Analysis

In the aforementioned decision, the Supreme Court first placed the *a quo case* within the legal framework of the Suspension of Debt Payment Obligations (PKPU), which had ended with the ratification of the settlement agreement through a homologation decision. The judge considered that the cassation applicants were previously under PKPU status based on the Semarang Commercial Court decision, which then led to the ratification of the settlement between the debtor and creditor through a homologation decision dated January 25, 2022. Thus, the judge's starting point for consideration was the existence of a valid and binding legal relationship between the parties based on the homologated settlement .

The Supreme Court then mapped out the circumstances of the case, highlighting the creditors' petition for cancellation of the settlement agreement, alleging that the debtors had failed to fulfill their payment obligations as stipulated in the settlement agreement. In this context, the judge examined the petitioners' argument that the debtors had failed to comply with the debt repayment plan as agreed and approved by the court. This failure by the debtors served as the primary basis for assessing the validity and validity of the homologated settlement agreement .

The judge's considerations also focused on the facts surrounding the debtors' payment implementation. The judge noted that the last payment was made in June 2023, and that the debtors had ceased payments

to creditors the following month. This cessation of payments was considered concretely as part of the assessment of the debtors' compliance with the terms of the settlement agreement. The debtors' reasons for alleged payments by third parties through a subrogation mechanism were also considered, but were deemed inadequately substantiated based on the evidence presented at trial.

In examining the objections of the cassation applicants, the Supreme Court also assessed the application of the law by *the judex. facti*, namely the Commercial Court at the Semarang District Court. The cassation judge emphasized that *the judex The court* did not err in applying the law because it based its decision on the facts of the trial and the provisions of applicable laws and regulations. Therefore, the Supreme Court's considerations focused not on reassessing the facts, but rather on the appropriateness of the application of the law by the previous court.

The Supreme Court judge explicitly based his considerations on the provisions of Law Number 37 of 2004 concerning Bankruptcy and PKPU, specifically Articles 170, 171, and 291. These provisions serve as the legal basis for assessing that the debtor's negligence in implementing the contents of the homologated reconciliation agreement gives the creditor the right to file a request for cancellation of the homologation. Within this framework, cancellation of the reconciliation agreement is seen as a legal consequence of the debtor's failure to fulfill its obligations under the agreement that has obtained permanent legal force.

Based on these overall considerations, the Supreme Court concluded that the cancellation of the homologation decided by the Semarang Commercial Court was in accordance with the law and did not conflict with the provisions of the laws and regulations. Therefore, the cassation application filed by the debtors was declared groundless and must be rejected. The judge's considerations demonstrate that the Supreme Court's decision was built on a series of interrelated normative and factual considerations, which then became the basis for conducting a critical analysis of the judge's legal reasoning in the *a quo case*.

When viewed based on the theory of legal certainty put forward by Gustav Radbruch, law has three fundamental values, namely legal certainty (*Rechtssicherheit*), justice (*Gerechtigkeit*), and utility (*Zweckmäßigkeit*). Legal certainty demands that legal norms be applied consistently, clearly, and predictably by legal subjects. In the context of PKPU and bankruptcy cases, this principle requires that court decisions provide clarity regarding the rights and obligations of the parties, particularly regarding the implementation of peace agreements that have obtained legal force through homologation decisions.

In Decision Number 1345 K/ Pdt.Sus -Bankruptcy/2024, the Supreme Court placed legal certainty as an important basis in its considerations by emphasizing that the homologated settlement creates binding legal obligations for the debtor. When the debtor fails to fulfill these obligations, the law provides consequences in the form of cancellation of the homologation as regulated in Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. By rejecting the cassation application and upholding the previous decision, the Supreme Court provides certainty regarding the legal consequences of the debtor's negligence in implementing the contents of the settlement.

From the aspect of justice, the judge's consideration that the debtor has failed to carry out payment obligations since July 2023 shows that there is an effort to protect the rights of creditors. If violations of the terms of the peace agreement are left without legal consequences, then this has the potential to cause injustice to creditors who depend on the fulfillment of their rights on the implementation of the peace agreement. Even though the debtor submits reasons for repayment by a third party through a subrogation mechanism, this argument cannot be proven legally so it cannot be used as a justification for stopping payments.

From a utility perspective, this ruling also reflects an effort to maintain the effectiveness of the PKPU mechanism as a means of debt restructuring. By revoking homologation due to debtor negligence, the court emphasized that the PKPU mechanism should not be misused as a means to postpone payment obligations without certainty. This ruling also serves to maintain confidence in the debt resolution system under Indonesian bankruptcy law.

Furthermore, when viewed from the principle of good faith and the theory of legal protection put forward by Philipus M. Hadjon, the decision also reflects efforts to protect creditors' rights. The Supreme Court considered that the debtor's cessation of payments without a proven legal basis indicates a lack of good faith in implementing the peace agreement. Therefore, the cancellation of the homologation is seen as a form of repressive legal protection to restore creditors' rights and emphasizes that every homologated peace agreement must be implemented honestly, responsibly and in accordance with applicable legal principles.

Legal Consequences of the Cancellation of Homologation for Debtors and Creditors in Decision Number 1345 K/ Pdt.Sus -Bankruptcy/2024

Decision Number 1345 K/ Pdt.Sus -Pailit/2024 is a concrete example of the application of homologation cancellation in the practice of PKPU in Indonesia. In the *a quo case*, the Supreme Court emphasized that the debtor's failure to implement the contents of the homologated peace agreement has legal consequences that are not only normative, but also have a direct and real impact on the legal standing of the parties. The legal consequences of homologation cancellation in this decision can be viewed separately from the perspective of the debtor and creditor, according to the roles and interests of each party in the PKPU and bankruptcy process.

a. Legal Consequences of Homologation Cancellation for Debtors in the Decision Number 1345 K/ Rev.Sus -Bankrupt/2024

For the debtor in the *a quo case*, the cancellation of the homologation resulted in the termination of all legal benefits previously obtained through the PKPU and peace mechanisms. The Supreme Court in this decision considered that the debtor had neglected to fulfill its payment obligations as stipulated in the ratified peace agreement, and therefore was no longer eligible for legal protection under the PKPU framework. The direct consequence of the cancellation of the homologation was the declaration of the debtor as bankrupt with all its legal consequences.

a quo decision places the debtor in a full bankruptcy legal regime, meaning the debtor loses its status as a subject undergoing debt restructuring. The cancellation of the homologation provides the legal basis for the court to end the business rescue approach and replace it with a bankruptcy estate settlement mechanism. In this context, the debtor is no longer viewed as a party needing protection from bankruptcy, but rather as a party responsible for its failure to implement the reconciliation agreement. Another legal consequence for the debtor under this decision is the loss of legitimacy to delay or refuse payment obligations for reasons outside the reconciliation agreement. The Supreme Court expressly rejected the debtor's argument regarding unproven payments by third parties. Therefore, the cancellation of the homologation in the *a quo case* also serves as an affirmation that any deviation from the terms of the reconciliation agreement without a clear legal basis will result in legal sanctions in the form of bankruptcy.

b. Legal Consequences of the Cancellation of Homologation for Creditors in Decision Number 1345 K/ Pdt.Sus -Bankruptcy/2024

From the creditor's perspective, the annulment of homologation in Decision Number 1345 K/ Pdt.Sus -Pailit/2024 provides the restoration of legal rights previously restricted by the PKPU peace agreement

scheme. In the a quo case, the creditor is no longer bound by the payment schedule and mechanism stipulated in the peace agreement that the debtor has failed to implement. With the annulment of homologation, the creditor regains its right to demand repayment of receivables through a more stringent and binding bankruptcy mechanism.

This ruling also confirms that the cancellation of homologation provides legal certainty for creditors regarding the status of their receivables. The Supreme Court considered that the debtor's negligence had created uncertainty and losses for the creditor, therefore, the cancellation of homologation was a necessary legal step to protect the creditor's interests. With the bankruptcy in effect, the creditor can formally file claims and obtain settlement in accordance with the provisions of bankruptcy law. The cancellation of homologation in the a quo case also places the creditor within the bankruptcy estate distribution system based on classifications and priorities determined by law. This ensures that the fulfillment of creditor rights is carried out fairly, transparently, and proportionally. In this context, the Supreme Court's ruling serves to restore the balance of interests between the debtor and creditor that was previously disturbed due to the failure to implement the reconciliation.

The legal consequences of the homologation cancellation in Decision Number 1345 K/ Pdt.Sus -Pailit/2024 demonstrate consistency with the provisions of Law Number 37 of 2004 concerning Bankruptcy and PKPU. The Supreme Court based its considerations on the provision that stipulates that a debtor's failure to implement a reconciliation agreement constitutes a valid reason to cancel the homologation and declare the debtor bankrupt. Therefore, this decision does not create a new norm, but rather applies existing norms firmly and consistently. The a quo decision also demonstrates the application of the principle that homologation cancellation is a corrective mechanism within the PKPU system. When a reconciliation agreement is not implemented, the law provides bankruptcy instruments to protect creditors' interests and maintain legal certainty. In this case, the legal consequences arising in the a quo case are in line with the law's objective of creating certainty, justice, and order in the settlement of debts.

If analyzed based on the legal theory put forward by Gustav Radbruch, law is essentially a synthesis of three fundamental values, namely legal certainty (*Rechtssicherheit*), justice (*Gerechtigkeit*), and utility (*Zweckmäßigkeit*). In the context of the cancellation of homologation in Decision Number 1345 K/ Pdt.Sus -Pailit/2024, these three values are important parameters for assessing whether the legal consequences that arise are in line with the legal objectives in the PKPU and bankruptcy systems. The decision provides legal certainty by confirming that the homologated peace no longer has binding force if the debtor does not fulfill the obligations as agreed. Thus, the legal status of the parties becomes clear because the debtor is declared bankrupt and the bankruptcy legal regime comes into effect.

From a fair perspective, the annulment of the homologation in this case reflects the judge's effort to maintain a balance of interests between the debtor and creditors. Although the legal consequences of declaring bankruptcy are severe for the debtor, the decision was based on the debtor's failure to fulfill the obligations agreed to in the settlement agreement. Therefore, the annulment of the homologation can be seen as a corrective measure to protect creditors' rights from uncertainty resulting from the failure to implement the terms of the settlement agreement. Furthermore, from a utility perspective, the decision also benefits the PKPU system as a whole by preventing the misuse of the debt restructuring mechanism as a means to postpone payment obligations without certainty.

Furthermore, from the perspective of good faith theory, the cancellation of the homologation demonstrates the court's assessment of the debtor's failure to implement the settlement agreement honestly and responsibly. The cessation of payment of obligations without a demonstrable legal basis, as well as the unsupported reasons for third-party settlement by a third party, demonstrate a failure to fulfill the principle

of good faith in the implementation of the PKPU settlement agreement. Under such circumstances, the cancellation of the homologation is a reasonable legal consequence, as the settlement agreement, ratified by a court decision, must be implemented diligently by the parties.

If analyzed based on the legal protection theory put forward by Philipus M. Hadjon, the cancellation of homologation in this case is a form of repressive legal protection for creditors who are harmed due to the debtor's negligence. By declaring the debtor bankrupt, the creditor obtains certainty of the collection mechanism through the bankruptcy process supervised by the court. Nevertheless, the decision still reflects balanced legal protection because the legal consequences are not imposed arbitrarily, but rather as a consequence of the violation of the peace agreement that has obtained legal legitimacy. Thus, the decision confirms the function of law as a means of protection and guarantee of orderly debt settlement in the PKPU and bankruptcy regimes.

Based on the discussion above, it is clear that the cancellation of the homologation agreement has fundamental legal consequences for both debtors and creditors. This cancellation automatically terminates the validity of the previously court-approved debt restructuring agreement and changes the debtor's legal status from a debt restructuring agreement to bankruptcy. Therefore, all debt restructuring schemes agreed upon in the restructuring agreement are no longer enforceable and are replaced by bankruptcy mechanisms.

4. Conclusion

The judge's legal consideration in deciding the cancellation of homologation in Decision Number 1345 K/Pdt.Sus -Bankrupt/2024 was based on the debtor's negligence in carrying out payment obligations as stipulated in the homologated peace agreement. The judge considered that the debtor was proven not to carry out payment obligations continuously in accordance with the agreed scheme, and could not prove a valid legal reason for the termination of the payment, thus fulfilling the elements of default as permitted by Law Number 37 of 2004 for the cancellation of homologation.

The legal consequences of the cancellation of homologation in Decision Number 1345 K/ Pdt.Sus - Pailit/2024 result in fundamental changes in the legal status of debtors and creditors. For debtors, the cancellation of homologation terminates the validity of the PKPU peace agreement and removes the legal protection previously provided through the PKPU mechanism, so that the debtor is declared bankrupt and loses the authority to manage and control his assets which are then under the management and settlement by the curator. Meanwhile, for creditors, the cancellation of homologation results in the end of the payment scheme based on the PKPU peace and restores the creditor's right to collect his receivables through the bankruptcy mechanism in accordance with the principle of *paritas creditorum* and the provisions of Law Number 37 of 2004.

Therefore, it is recommended that judges in commercial courts and the Supreme Court, when examining applications for homologation cancellation, continue to consider the debtor's negligence as the primary basis, but should also include a more comprehensive examination of the debtor's good faith objectively, including consistency of payment, transparency of financial condition, and concrete efforts to fulfill the peace agreement obligations. Furthermore, lawmakers and the Supreme Court of the Republic of Indonesia need to strengthen regulatory certainty regarding the consequences of homologation cancellation, including clarity on the transition from PKPU to bankruptcy and a balanced evaluation mechanism for debtors and creditors so that the debt settlement process runs effectively, transparently, and fairly.

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