

Indonesia's new  
framework for monitoring  
corporate Beneficial  
Owners<sup>P1</sup>

## Indonesia's new framework for monitoring corporate Beneficial Owners

### I. Background

As of February 2025, the Indonesian Ministry of Law issued Regulation No. 2 of 2025 on Verification and Supervision of Corporate Beneficial Owners ("**Permenkum 2/2025**"). This new regulation replaces the previous regulation No. 21 of 2019 and offers a comprehensive framework for verifying and monitoring 'Beneficial Owners'—those who ultimately control or benefit from corporations. Permenkum 2/2025 outlines corporate obligations after reporting Beneficial Owners, updates the roles of parties involved in the verification process, adopts a risk-based approach and specifies administrative sanctions. These enhancements aim to bolster compliance and improve the accuracy of beneficial ownership data, crucial for combating financial crime. However, corporations face stricter requirements to ensure data accuracy with potential sanctions for non-compliance.

### II. General overview of Permenkum 2/2025

#### 1. Corporate Beneficial Owners

The concept of "Corporate Beneficial Owner" was first introduced in Indonesia through Presidential Regulation No. 13 of 2018 ("**Perpres 13/2018**"), targeting the misuse of corporations for money laundering and terrorism financing. This regulation aims to safeguard Indonesia's economic stability and integrity. With the advent of Permenkum 2/2025, the definition of a Beneficial Owner has been broadened to include individuals who can appoint or dismiss leadership, control the corporation, receive its benefits or own shares, aligning with existing legal criteria. While beneficial ownership is globally recognised, Indonesia's focus is on combating financial crime and promoting transparency, a cornerstone of good corporate governance.

#### 2. Responsibilities of corporations

According to Permenkum 2/2025, corporations are defined as an organised group of people and/or assets that is either a legal entity or not a legal entity. Through this regulation, corporations are mandated to disclose their Beneficial Owners under the 'Know Your Beneficial Owner' principle. While this principle is not explicitly defined in Indonesian law, it entails identifying and verifying the

individuals who ultimately control and benefit from a corporation. This requirement is crucial for maintaining transparent, up-to-date and publicly accessible information about corporate control, benefiting both corporations and the Government. Corporations are also required to update this information annually, manage relevant documents and complete a Beneficial Owner questionnaire.

### 3. Verification process

The verification process involves a financial crime risk assessment conducted by the corporation, notary, Minister of Law (the “**Minister**”) and other relevant authorities to authenticate the Beneficial Owner’s information.

Corporations verify the Beneficial Owner’s details against supporting documents when preparing to submit documents regarding their establishment, changes or updates. A notary performs verification when a corporation engages their services. Meanwhile, the Minister verifies the Beneficial Owner’s information obtained from the corporation and/or notary, as well as from questionnaires completed by the corporation. These questionnaires are filled out electronically and are based on the criteria for Beneficial Owners outlined in Article 4 of Perpres 13/2018. The purpose of these questionnaires is to verify and ensure the accuracy of the Beneficial Owner’s information.

Other authorities may also conduct verification procedures in accordance with applicable laws and regulations. These authorities include Government agencies at both central and regional levels with the power to register, ratify, approve, notify, license businesses, dissolve corporations or institutions responsible for supervising and regulating corporate business sectors.

### 4. Supervision by the regulator

The Director-General of General Legal Administrative the Ministry of Law is responsible for overseeing the implementation of the Know Your Beneficial Owner principle. This oversight can occur based on findings made by the Director General or upon request by other authorities. Throughout the process, the Director General may coordinate with relevant authorities to ensure thorough supervision. The focus of this step is on ensuring accuracy, identifying any changes and updating information related to the Beneficial Owner. Supervision is carried out based on a risk assessment pertaining to money laundering and terrorism financing, and it can be conducted either electronically or through non-electronic means.

### 5. Sanctions and/or penalties

Corporations that fail to report their Beneficial Owner or provide inaccurate information will face administrative sanctions from the Minister. These sanctions include warnings via AHU Online or email, being blacklisted and having their access to AHU Online blocked. When access to AHU Online is blocked, corporations are unable to make changes to their articles of association, management or ownership, which can ultimately disrupt their business activities.

## III. Conclusion

Permenkum 2/2025 marks a significant advancement in Indonesia’s regulatory framework, aimed at enhancing transparency and accountability in corporate governance. Adhering to these new requirements is crucial for corporations to prevent potential disruptions in their business operations. Importantly, failure to comply with these requirements, including reporting accurately or disclosing complete information about Beneficial Owners, could lead to sanctions imposed

by the regulator. Corporations must carefully assess the submission of Beneficial Owner information, as determining and verifying Beneficial Owners can be challenging due to potentially complex corporate structures.

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