
**INDIVIDUAL COMPANY THROUGH CREATION OF WORK IN
FACING THE ERA OF INDUSTRY 4.0****Santi Diansari**Master of Law Program, STIH Iblam Jakarta, Indonesia
santidiansari@gmail.com**Abstract**

Companies that fulfill micro and small businesses can be companies founded by two people or by one person in the form of an individual company with a capital whose amount is determined by the decision of the founder of the company as stipulated in Government Regulation Number 8 of 2021. The problem in this research is how is the harmonization of company legal arrangements that can provide legal protection to individual companies? And how is the legal arrangement of individual companies in the future in order to guarantee legal certainty. The research method used in this research is normative juridical research with descriptive analytical research. The data used is secondary data, while the data analysis technique uses deductive or deductive methods. The results of the study indicate that the harmonization of company legal arrangements that can provide legal protection to individual companies in this case is Law Number 40 of 2007 concerning Limited Liability Companies harmonized with the Civil Code (KUHPer), the Commercial Code (KUHDagang). Law Number 25 of 2007 concerning Investment and Law Number 17 of 2012 concerning Cooperatives, the results of which are contained in Law Number 11 of 2020 concerning Job Creation. Meanwhile, the legal arrangements for individual companies in the future in providing guarantees of legal certainty are regulations related to the statement of the establishment of individual companies as it is known that changes can be made. If traced, there are two categories of changes regulated in PP No. 8/2021, namely changes to the statement of establishment of an individual company and changes to the statement of changes to an individual company.

Keywords: Sole Proprietorship, Job Creation, Limited Liability Company

INTRODUCTION

In everyday life, humans cannot be separated from economic activities. The existence of the company as one of the economic actors in Indonesia is inevitable. The company has become a member of the community. The presence of this company in the midst of society certainly plays a role in the economic system in Indonesia. Economic practices that involve the activities of non-legal entity business entities, there is a fact that limited partnerships, firms and civil partnerships have become legal subjects, especially limited partnerships known as CV.¹ In the concept of a state of law, legal certainty is an absolute thing regardless of fair or unfair. The parameters of legal certainty are the existence of legality, legitimacy, formal juridical, and constancy or can be implemented through law enforcement mechanisms.

Constitutional statement² Indonesia as a constitutional state³ has existed since the first period of the enactment of the 1945 Constitution, the explanation of the 1945 Constitution states in number 1 regarding the State Government system: "Indonesia is a country based on law (*rechtsstaat*)". Next, it is explained that it is not based on mere power (*Machtsstaat*)". In the 1949 RIS constitution and 1950 UUDS it is stated: "Indonesian constitutional state which is perfectly sovereign". Article 1 paragraph (1) of the 1949 RIS constitution reaffirms: "... a democratic and unitary state of law". After the re-enactment of the 1945 Constitution, the statement of Indonesia as a legal state in the explanation in point 1 regarding the state government system is valid again. Which statement in the third amendment of the 1945 Constitution of 2001 is emphasized in the body, namely Article 1 paragraph (3) by using the term "state of law".⁴

The concept of a rule of law based on welfare supports economic activities by the Company. Company is an economic term known in the KUHD and other regulations outside the KUHD.

Molengraaf gives his formulation as follows:⁵

"Then it is said that there is a company if it continuously acts out to earn income by using or delivering goods or entering into trade agreements." Later, Polak added to this formulation by stating that a company has "requirements to keep books of account."

¹ Yetti Komalasari Dewi, *New Thoughts on Limited Partnerships (CV): A Comparative Study of the Commercial Code and WvK and Decisions of the Indonesian and Dutch Courts*. (Jakarta: Publishing Agency, Faculty of Law UI, 2016), pp. 63-67.

² Taufiqurrohman Syahuri, *Constitutional Law*. (Bogor: Ghalia Indonesia, 2004), p. 28.

³ Undergraduate, *State Law Theory and Practice*. (Yogyakarta: Thafa Media, 2016), p. 63.

⁴ Hendarmin Ranadireksa, *Reviewing the Constitution through Pictures of the Dynamics of the Indonesian Constitution*. (Bandung: Media Focus, 2007), p. 66.

⁵*Ibid.*

HMN. Purwosutjipto, gave the formulation of the company as follows:⁶

"The company is the whole act which is carried out intermittently, openly in a certain position and for profit".

To run a business, business actors must have a place or place of business. This is done so that their business activities can be trusted by the community and their business partners.⁷

The definition of a company is clearly found in Article 1 of Law no. 3 of 1982 concerning Compulsory Registration of Companies which states as follows:⁸

"Company is any form of business entity that describes every type of business that is permanent and continuously established to work, and domiciled within the territory of the Republic of Indonesia with the aim of obtaining profits".

Thus, it can be formulated that a company is any business entity that carries out activities in the economic sector continuously, permanently, and openly with the aim of obtaining profits and/or profits as evidenced by bookkeeping. Meanwhile, the definition of business actor is contained in Article 1 point 5 of Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition:

"A business actor is any individual or business entity, whether in the form of a legal entity or not a legal entity established and domiciled or carry out activities within the jurisdiction of the Republic of Indonesia, either individually or jointly through an agreement, conducting various business activities in the economic field."

The company as a vehicle/pillar of economic development has been regulated in the Civil Code, the Commercial Code and Indonesian laws and regulations with various legal forms. The legal forms of these business entities are civil partnerships, firms, limited partnerships, limited liability companies, cooperatives, State-Owned Enterprises, Regional-Owned Enterprises and Village-Owned Enterprises. A business entity is a juridical (legal), technical and economic entity established with the aim of making a profit or profit. There are two forms of business entities, business entities in the form of legal entities and business entities that are not legal entities. In order to form regulations that regulate business for business actors, it is necessary to regulate the container or form of business.

This is done so that business activities in doing business can be trusted by the community and partners who work with business actors in their business. Currently, Law Number 11 of 2020 concerning Job Creation has been established, one of the provisions of

⁶ HMN. Purwosutjipto, *Understanding Indonesian Commercial Law*, Part One, Basic Knowledge of Commercial Law, Seventh Printing. (Jakarta: Djambatan Publishers, 1988), p. 15.

⁷ Faisal Santiago, *Introduction to Business Law*. (Jakarta: Mitra Wacana Media Publisher, 2012), p. 33.

⁸ Zaeni Asyhadie, *Op.Cit.*, p. 32.

which regulates individual companies. This individual company is in the form of an Individual Legal Entity or Individual Company with a Small and Micro Business (UKM) scale.

Companies that fulfill micro and small businesses can be companies founded by two people or by one person in the form of an individual company with a capital whose amount is determined by the decision of the founder of the company as stipulated in Government Regulation Number 8 of 2021 concerning the Company's Authorized Capital and Registration of Establishment , Changes, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses. The establishment of an Individual Company is carried out by making a Statement of Establishment. Statement of incorporation is the form for the establishment of an individual company which is established by 1 (one) person electronically.

The authorized capital of the Company that meets the SME criteria must be at least 25% deposited no later than 60 days from the establishment of the Company or a statement of the establishment of the Company which is sent electronically and sends the evidence to the Minister of Law and Human Rights of the Republic of Indonesia. The establishment of an individual company or company that meets the SME criteria has a requirement, namely that it is established by an Indonesian citizen who is at least 17 years old and is legally competent. After the statement of registration of establishment is received by the Minister, the minister will provide a certificate of registration of the establishment of the Company. This registration certificate is proof that individual companies and companies that meet the criteria for SMEs have become legal entities.

Issues in individual companies include, among others, the financial statements, the assets of the individual companies, the company's capital, the sale of the company's assets, the state of insolvency, the state of postponement of debt payment obligations, bankruptcy, the dissolution of the company and the owner's liability to third parties if the sale of assets and all of its capital to other people. other parties or if there are other parties who become equity participants so that the company does not become an individual company anymore.

RESEARCH METHOD

The research method used in this research is normative juridical research, namely research conducted based on the main legal material by examining theories, concepts, legal

principles and legislation related to this research.⁹ This research is used to examine the synchronization of law in its implementation in the field. The type of research used is descriptive analytical research which is used to provide an overview of the formation and establishment of individual companies in the industrial era 4.0 through the Job Creation Act. While the data used is secondary data with 3 legal materials, namely primary legal materials consisting of the 1945 Constitution; Civil Code (KUHP); Law Number 40 of 2007 concerning Limited Liability Companies; Law Number 11 of 2020 concerning Job Creation, and other laws and regulations relating to the problems studied. In addition to primary legal materials, secondary legal materials sourced from books, journals, literature, legal papers and dictionaries and other materials related to corporate law are also used. In addition, legal materials obtained from the Indonesian Language Dictionary, English Dictionary, Legal Dictionary are also used which are of course related to the problems studied.

In this study, the researcher uses data analysis techniques with deductive or deductive methods, where theory is still a research tool since selecting and finding problems, building hypotheses and making observations in the field to testing data.¹⁰ In this case, testing the theory of legal certainty is adjusted to the facts on the ground so as to produce answers to the problems studied.

RESEARCH RESULTS AND DISCUSSION

1. Harmonization of Company Legal Arrangements That Can Provide Legal Protection to Individual Companies

Under the Employment Act, a limited liability company includes an individual legal entity if it meets the criteria for micro and small businesses. Thus, everyone can establish a limited liability company and own shares alone, as long as the company is included in the category of micro and small businesses. Furthermore, the amendment to the Limited Liability Company Law also stipulates that the exception for two shareholders applies to state-owned companies, regionally owned enterprises, village-owned enterprises, companies managing stock exchanges, clearing and guarantee institutions, depository institutions. and settlements, and other institutions in accordance with the Law on the Capital Market and companies that meet the criteria for micro and small businesses.

⁹ Soerjono Soekanto and Sri Mamudji, *Normative Legal Research A Brief Overview*, (Jakarta: Raja Grafindo Persada, 2012), p. 13-14.

¹⁰ Burhan Bungin, *Qualitative Research Methodology*, (Jakarta: Raja Grafindo Persada, 2008), p. 27

a. Legal Protection for Company Founders in Relation to Financial Statements

Article 10 paragraph (1) Government Regulation Number 8 of 2021 concerning Authorized Capital of Companies and Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses stipulates that individual companies are required to make reports finance. Paragraph (2) The financial report as referred to in paragraph (1) shall be reported to the Minister by filling out the electronic financial report submission form no later than 6 (six) months after the end of the current accounting period. Paragraph (3) The format for the submission of financial reports as referred to in paragraph (2) contains:

- 1) a report on financial position;
- 2) profit report; and
- 3) notes on the current year's financial statements.

Paragraph (4) The financial statements as referred to in paragraph (2) are included in the list of individual companies. Paragraph (5) The format for the submission of financial reports as referred to in paragraph (3) is contained in Attachment III which is an integral part of this Government Regulation.

Article 11 The Minister issues evidence of receipt of financial reports electronically after the applicant fills out the form as referred to in Article 10. Article 12 paragraph (1) Individual companies that do not submit financial reports as referred to in Article 10 are subject to administrative sanctions in the form of: a. written warning; b. cessation of Iraq's access to services; or c. revocation of legal entity status. Paragraph (2) Provisions regarding the procedure for imposing administrative sanctions as referred to in paragraph (1) shall be regulated by a Ministerial Regulation.

b. Legal Protection for Company Founders in Relation to Company Assets An

individual company is a new type of legal entity regulated in Law Number 11 of 2020 concerning Job Creation. With the existence of an individual company, business actors, in this case micro and small businesses, can form a limited liability company with only 1 (one) founder. The other advantages possessed by individual companies are as follows:¹¹

¹¹ Business Economics, Sole Proprietorships Have Advantages As UMKN, accessed on 11 December 2021, 13:54 WIB.

- 1) Providing legal protection through the separation of personal and company assets in the form of a capital statement, as well as facilitating business actors in accessing financing from banks.
- 2) Its establishment is easy, simply by filling out the establishment statement form electronically so that it does not require a notary deed.
- 3) The Job Creation Act changes the validation regime to a registration regime, including for individual companies. For this reason, the legal entity status of an individual company is obtained after registering a statement of establishment electronically and obtaining proof of registration.
- 4) The cost required to set up an individual company is very affordable, namely Rp. 50,000.00 (fifty thousand rupiah).
- 5) Free to determine the amount of business capital.
- 6) Freed from the obligation to announce in the Supplement to the State Gazette as a form of simplifying the bureaucracy.
- 7) It is one-tier in nature where the owner will run the company's operations as well as supervise.
- 8) Low tax rates, in this case equated with tax rates for MSMEs.

c. Legal Protection for Company Founders in Relation to Company Capital

Article 4 paragraph (1) The authorized capital of the Company as referred to in Article 3 must be issued and fully paid up at least 25% (twenty five percent) as evidenced by valid proof of deposit. Paragraph (2) The valid proof of deposit as referred to in paragraph (1) must be submitted electronically to the Minister no later than 60 (sixty) Days as of the date: a. deed of establishment of the Company for the Company; or b. filling in the Statement of Establishment for individual companies.

d. Legal Protection for the Founders of the Company in Relation to the Dissolution of the Company

Law Number 40 of 2007 concerning Limited Liability Companies has stipulated a provision regarding the dissolution of PT, namely:

- 1) Based on the decision of the GMS
- 2) Because the period of establishment stipulated in the articles of association has ended

- 3) Based on a court decision
- 4) With the revocation of bankruptcy based on the decision of the commercial court which has permanent legal force, the bankruptcy estate of the Company is not sufficient to pay the bankruptcy costs
- 5) Because the bankruptcy estate of the Company which has been declared bankrupt is in a state of insolvency as regulated in the Law on Bankruptcy and Suspension of Debt Payment Obligations or
- 6) Due to the revocation of the company's business license thus requiring the Company to conduct liquidation in accordance with the provisions of the legislation.

In Government Regulation of the Republic of Indonesia Number 8 of 2021 concerning the Authorized Capital of the Company and the Registration of Establishment, Amendment and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses, Article 13 of the fourth section states that: (1) The dissolution of individual companies is determined by a decision of the shareholders of the company individual who has the same legal force as the general meeting of shareholders as outlined in the Dissolution Statement and notified electronically to the Minister. (2) The dissolution of an individual company as referred to in paragraph (1) occurs due to: a. based on the decision of the Shareholders of the individual Company which has the same legal force as the general meeting of shareholders; b. the period of establishment specified in the Statement of Establishment or amendments thereto has expired; based on a court order; with the revocation of bankruptcy based on a decision of a commercial court that has permanent legal force, the bankruptcy estate of an individual company is not sufficient to pay the bankruptcy costs; bankrupt assets of individual companies that have been declared bankrupt are in a state of insolvency as regulated in the law concerning bankruptcy and suspension of obligation to pay debts; or the revocation of the business license of an individual company so that it obliges the individual company to carry out liquidation by filling out a statement of dissolution. (3) In the event that the dissolution takes place based on the provisions as referred to in paragraph (2) letter a, letter b, and letter d, the shareholders appoint a liquidator. (4) In the event that the shareholders do not appoint a liquidator, the Board of Directors will act as liquidator. (5) The format for the Dissolution Statement as referred to in

paragraph (1) is contained in Appendix IV which is an integral part of this Government Regulation.

Article 14 (1) Further provisions regarding the procedures for the establishment, amendment, and dissolution of individual companies are regulated by a Ministerial Regulation. (2) Changes in the format for the Statement of Establishment as referred to in Article 7 paragraph (3), the format for the change in the Statement of Establishment and the format for the change in the statement of change as referred to in Article 8 paragraph (10), the format for the submission of financial statements as referred to in Article 10 paragraph (5), and the format for the Dissolution Statement as referred to in Article 13 paragraph (5) shall be determined by the Minister.

Law Number 40 of 2007 concerning Limited Liability Companies contains comprehensive arrangements covering various aspects of the Company. So the Law on Limited Liability Companies is expected to meet the legal needs of the community and provide more legal certainty, especially to the business world. Law Number 40 of 2007 concerning Limited Liability Companies regulates the procedures for:

- a. submitting applications and granting legalization of legal entity status;
- b. submission of application for and granting of approval for amendments to the articles of association;
- c. submission of notification and receipt of notification of amendments to the articles of association and/or notification and receipt of notification of other data changes.

The harmonization of company legal arrangements that can provide legal protection to individual companies in this case is Law Number 40 of 2007 concerning Limited Liability Companies harmonized with the Book of Law -The Civil Law (KUHPer), the Commercial Code (KUHDagang), Law Number 25 of 2007 concerning Investment and Law Number 17 of 2012 concerning Cooperatives, the results of which are contained in Law Number 11 of 2020 concerning Copyright Work.

The follow-up to the Job Creation Act which regulates individual companies is Government Regulation Number 8 of 2021 concerning Company's Authorized Capital and Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses. This PP is a derivative of Law Number 11 of 2020 concerning Job Creation. Article 1 Number 1 states: "Limited Company, hereinafter referred to as Company, is a legal entity which is a capital partnership,

established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares or individual Legal Entities that meet the criteria for Micro and Small Enterprises as referred to in Article 1 paragraph (1). regulated in the laws and regulations concerning Micro and Small Enterprises.”

Article 2 paragraph (1) Companies that meet the criteria for micro and small businesses consist of: a. Company established by 2 (two) or more persons; and b. An individual company established by 1 (one) person. (2) The establishment, amendment to the articles of association, and dissolution of the Company as referred to in paragraph (1) letter a shall be carried out in accordance with the provisions of the laws and regulations concerning the Company. Article 3 The Company is required to have the authorized capital of the Company. The amount of the authorized capital of the Company as referred to in paragraph (1) is determined based on the decision of the founder of the Company.

2. Legal Arrangements for Individual Companies in the Future in the Framework of Providing Legal Assurance.

Individual companies are individual legal entities that meet the criteria for Micro and Small Businesses as stipulated in the laws and regulations concerning Micro and Small Enterprises”. Individual companies can only be established for micro and small business criteria in accordance with PP No. 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises. The criteria for micro businesses are determined based on a maximum business capital of IDR 1 billion excluding land and buildings for business premises or annual sales results of a maximum of IDR 2 billion. Meanwhile, small businesses are determined based on having a business capital of more than Rp. 1 billion-Rp 5 billion, excluding land and buildings for business premises or having annual sales of more than Rp. 2 billion to Rp. 15 billion.¹²

The legal arrangements related to sole proprietorships are regulated in the provisions of Law Number 11 of 2020 concerning Job Creation, Government Regulation of the Republic of Indonesia Number 8 of 2021 concerning Authorized Capital of Companies and Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses and Government

¹² Legality, All About PT Perorangan, accessed on April 14, 2022, 13:29 WIB.

Regulation of the Republic of Indonesia Number 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises.

There is no ivory that is not cracked. This proverb perfectly illustrates the provisions of the Job Creation Act and the implementing regulations of micro and small business criteria companies. New breakthroughs to facilitate the business climate in Indonesia are indeed worthy of appreciation, but we also need to adhere to strong legal regulations so that they do not harm the Indonesian people.

Regulations related to the statement of establishment of an individual company as known may be amended. If traced, there are two categories of changes regulated in PP 8/2021, namely changes to the statement of establishment of an individual company and changes to the statement of changes to an individual company. The difference is that the change in the statement of establishment of an individual company is a change made after a statement of establishment of the company is made or the first amendment to the statement of establishment of the company. After the first change, then for the second change and so on, we use the term change in the statement of change of individual company.

The legal product produced after the registration of an individual company is in the form of a registration certificate. Furthermore, if a change in the statement of establishment of the company is made, after the statement of change in the individual company is submitted to the Minister electronically, a certificate of change statement will be obtained. The resulting output is different when we compare it with the Minister's decision regarding the legalization of a company legal entity based on Article 7 paragraph (4) of the Law on PT. It is unfortunate that the provisions of Article 7 paragraph (4) of the Limited Liability Company Law have been amended by Article 109 of the Job Creation Law to become: "Companies obtain legal entity status after being registered with the Minister and obtaining proof of registration". This change seems to be to accommodate companies founded by 2 (two) or more people, as well as companies for micro and small businesses. However, the lack of mention of the Minister's decision regarding the legalization of a company legal entity does not mean that this provision is abolished, but that the subsequent articles in the Limited Liability Company Law, especially Article 8, Article 9, Article 10 lose their basic foundation.

Comparison of legal products produced in the registration of a limited liability company, whether established by two or more people or individuals who meet the

criteria for micro and small businesses, it is very possible to have a lawsuit against the legal product. The Ministerial Decree regarding the legalization of a company legal entity may become the object of a state administrative case considering that the Ministerial Decree is a State Administrative Decree. Article 1 point 9 of Law Number 51 of 2009 concerning the Second Amendment to Law Number 5 of 1986 concerning State Administrative Courts stipulates that a State Administrative Decree is a written determination issued by a state administrative body or official containing legal actions. state administration which is based on the prevailing laws and regulations, is concrete, individual and final and has legal consequences for a person or civil legal entity. However, whether the proof of registration of an individual company in the form of a registration certificate can also be classified as an object of TUN or not, further study is needed. This matter needs to be clarified so that the public as justice seekers do not enter the wrong lawsuit and can obtain dispute resolution in a short time.

Another weakness found in the change in the statement of establishment of the company is related to changes in the full name, place and date of birth, occupation, place of residence, population identification number, and taxpayer identification number of the founders as well as directors and shareholders of individual companies. With the possibility of changes to the data of the founder who is also a director and shareholder, indicating that it is possible to acquire an acquisition, the transfer of full control of all shares in a sole proprietorship. This legal loophole can be exploited by people with bad intentions to take advantage of financing facilities and incentives from the government, not to support the development of micro and small businesses, but to be used for personal gain. After obtaining the desired benefit, it is then transferred to another person by selling it, so that person can apply for re-registration. To anticipate the possibility of this happening, a comprehensive supervision from the government is needed. An integrated and up-to-date system is needed that is able to detect every person who owns a micro and small business individual company, the number of company ownership and any history of changes or even dissolution. Systems that are assisted by sophisticated equipment and technology need to be supported by quality human resources in the relevant ministries.

Legal loopholes that are very likely to arise further stem from the provisions regarding the company's shareholders for micro and small businesses who are not personally responsible for the engagements made on behalf of the company and are not responsible for the company's losses in excess of the shares owned. An individual

company established by the founder who in addition to being the only shareholder, as well as the directors of the company, has full power or absolute power in the company. Indeed, with full power, the company's decision making will certainly be faster and more efficient. However, it is undeniable that the possibility of abuse of power, even acts of corruption are also very possible.

An English historian, Lord Acton said: "*power tends to corrupt, but absolute power corrupts absolutely*" (the free translation is that power tends to be abused, but absolute power must be abused). Abuse of authority motivated by corrupt intentions is a mental illness in the form of a desire to own/control property that is not justified by norms/rules.¹³ Power without control tends to corrupt, as well as absolute power without a hierarchy is certain to be corrupt. However, psychological research proves, this condition only applies to power holders who are concerned with personal ego. According to Alatas, "*corruption is the abuse of trust in the interest of private gain*".¹⁴

Reviewing that this individual limited liability company is a legal entity, which is a legal subject that is separated from humans. By understanding that the founder and the individual company are two different entities with different interests, it certainly provides a guide for the founder in running his business. According to Chainur Arrasjid, a legal entity is every person who supports rights without a soul (which is not human) who can perform legal actions like humans. For example, you can enter into an agreement, owning assets that are completely independent of the wealth of its members.¹⁵ On the other hand, Muhammad Syaifuddin argues that a legal entity is an association of people or organizations, which have their own rights and obligations as well as assets that are separate from the assets of their administrators or those who represent them, which can perform legal actions in legal relationships. , and can be a plaintiff or a defendant in a court represented by its administrators, whose acknowledgment of the legality, quality and capacity of the law as well as the legal procedures for the formation or establishment

¹³ Ujang Charda S., "Potential for Abuse of Authority by State Administration Officials in Making and Implementing Public Policy," *Journal of Legal Insights*, Number 02, (Volume 27, 2012), p. 588-607.

¹⁴ Raden Imam Al Hafis and Moris Adidi Yogia, "Abuse of Power: Overview of the Abuse of Power by Public Officials in Indonesia," *PUBLIKA: Journal of Public Administration Science*, Number 1, (Volume 3, 2017), p. 80-88.

¹⁵ Chainur Arrasjid, *Fundamentals of Legal Studies* (Jakarta: Sinar Graphic, 2006), p. 124.

of the legal entity are regulated in positive legal rules in the country where the legal entity is formed or established.¹⁶

Based on the explanation of the definition of legal entity, both legal experts emphasized that legal entities have their own assets and are separated. Thus, the founder who establishes an individual company must be able to separate the assets of the company and his personal assets. Because in an individual company there is no system of *checks and balances*, there is no second party to provide input or advice, the power holders in this case the founders, shareholders and at the same time the directors must be introspective. In every act carried out in the interest of the company, the assets used are only from the assets of the company. Vice versa, any activity for personal interest may not use the company's assets.

In other words, every expense and income of the company must be able to be separated from his personal assets. If an individual director of a company is unable to prove that there is a clear separation of his personal assets from company assets, this limited liability will also be lost. He who mixes company assets with personal assets, should also be responsible for all his actions down to his personal assets. This is known as the principle of *piercing the corporate veil*.

According to Habib Adjie, the application of the principle of *piercing the corporate veil* in limited liability companies in Indonesia aims to protect the public interest from the actions of shareholders who use the company not in accordance with the company's stated objectives or for the personal interests of the owners/shareholders and is also a means of protection for creditors or third parties in general.¹⁷ The government needs to think about efforts to anticipate the existence of bad intentions from certain parties which on the basis of their limited liability as shareholders, harm creditors or other parties.

CONCLUSION

Harmonization of company legal arrangements that can provide legal protection to individual companies in this case is Law Number 40 of 2007 concerning Limited Liability Companies harmonized with the Code of Law The Civil Code (KUHPer), the Commercial

¹⁶ Muhammad Syaifuddin, *Contract Law: Understanding Contracts in the Perspective of Philosophy, Theory, Dogmatics, and Legal Practice (Enrichment Series on Engagement Law)* (Bandung: Mandar Maju, 2012), p. 62

¹⁷ Habib Adjie, *Legal Entity Status, Principles and Social Responsibility of Limited Liability Companies* (Bandung: Mandar Maju, 2008), p. 32.

Code (KUHDagang), Law Number 25 of 2007 concerning Investment and Law Number 17 of 2012 concerning Cooperatives, the results of which are contained in Law Number 11 of 2020 concerning Job Creation. As for the follow-up to the Employment Creation Act which regulates individual companies, is Government Regulation Number 8 of 2021 concerning Authorized Capital of Companies and Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses.

The legal arrangements for individual companies in the future in providing guarantees of legal certainty are regulations related to the statement of establishment of individual companies as it is known that changes can be made. If traced, there are two categories of changes regulated in PP No. 8/2021, namely changes to the statement of establishment of an individual company and changes to the statement of changes to an individual company.

Recommended for the government to revise and improve Law Number 40 of 2007 concerning Limited Liability Companies so that it contains the requirements for founders and shareholders in individual companies, including the process of establishment and ratification. legal entity, minimum capital requirements and capital deposit. etc.

It is recommended that PP No. 8/2021 concerning the Authorized Capital of the Company and the Registration of Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Businesses related to the legal arrangement of sole proprietorships in order to guarantee legal certainty in the future.

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