



## **New Regulation Issued on Verification and Supervision of the Beneficial Owner of Corporations**

**February 2025**

The Ministry of Law (“**MOL**”) issued the Minister of Law Regulation No. 2 of 2025 regarding the Verification and Supervision of the Beneficial Owner of Corporations (“**MOL Reg No. 2/2025**”), effective as of 4 February 2025, in an attempt to increase compliance and optimize the accuracy of corporate beneficial owner data. MOL Reg No. 2/2025 revokes Minister of Law and Human Rights Regulation No. 21 of 2019 regarding Procedures for the Supervision of the Implementation of Know Your Beneficial Owner Principle of Corporations (“**MOLHR Reg No. 21/2019**”).

As a background, in 2018, the government issued Presidential Regulation No. 13 of 2018 regarding the Implementation of the Know Your Beneficial Owner Principle of Corporations in the Framework of Prevention and Eradication of Money Laundering and Criminal Acts of Terrorism Financing (“**PR No. 13/2018**”). PR No. 13/2018 essentially introduces the *Know Your Beneficial Owner Principle* (“**KYBO Principle**”), requiring all corporations in Indonesia to determine the Beneficial Owner (“**BO**”), including to implement the KYBO Principle by, among others, submitting correct information of BO to the MOL.

MOL Reg No. 2/2025 introduces new features among others:

### **1. Expanding the coverage of the KYBO Principle**

The KYBO Principle now also applies to private partnerships (*maatschap* or *persekutuan perdata*). Previously, the KYBO Principle only applied to (i) limited liability companies, (ii) foundations, (iii) associations, (iv) cooperatives, (v) limited partnership (*commanditaire vennootschap*), and (vi) unlimited partnerships (*firma*).

### **2. Implementation of the KYBO Principle**

MOL Reg No. 2/2025 provides specific implementing obligations of the KYBO Principle, namely (i) updating information about the BO annually, (ii) administering BO’s documents, and (iii) completing a questionnaire regarding the BO electronically.

### **3. BO Verification and Risk Assessment**

The verification of the BO is carried out based on risk assessment (on money laundering and terrorism financing) and by the relevant corporation, a notary, the MOL and other authorities. Verification by the corporation occurs when it submits information on its establishment, amends its articles of association, changes its corporation data, or specifically updates the BO information.

The previous rules on off-site or on-site assessments based on a corporation's risk level have been removed.

### **4. BO Questionnaire**

The BO questionnaire is based on specific BO criteria and can now be carried out also by the relevant notary (previously only the corporation).

### **5. Data Analysis**

MOL Reg No. 2/2025 requires the MOL, through the Director General of Legal Administrative Affairs, to carry out data processing and analysis of the information and BO questionnaire submitted by the corporation based on the risk assessment. The purpose is to ensure the accuracy of the BO data submitted by the corporations. To verify the accuracy of BO data, the Director General examines the data (priority is for a high-risk corporation). If there are any indications of discrepancies, clarification can be sought from the corporation, either directly or indirectly. Direct clarification can be done by summoning the officers of a "corporation" and/or by conducting a site visit to the corporation's premises. Indirect clarification can be done electronically by examining the documents and/ or requesting information.

### **6. Administrative Sanction**

Administrative sanctions rules were introduced for any corporation that fails to report BO information or submits incorrect BO information. The administrative sanctions under MOL Reg No. 2/2025 will normally be applied progressively in the form of (i) warning, (ii) inclusion of the corporation in the blacklist, and (iii) blocking the *AHU Online* access. However, MOL Reg No. 2/2025 also reserves the right for the MOL to impose the sanction immediately without a progressive process.



The revocation of the administrative sanction is possible, i.e., by submitting BO information and/ or by submitting correct BO information.

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