



Enforcement of Minister of Law and Human Rights Regulation No. 2 of 2025 on the Verification and Supervision of the Beneficial Owner of a Legal Entity

April 2025

One Asia Lawyers Indonesia Office
Koji Umai, Lawyer (Japan)
Prisilia Sitompul, Lawyer (Indonesia)

1. **Introduction**

The Minister of Law has issued Regulation No. 2 of 2025 on the Verification and Supervision of Beneficial Owners of Corporations (“**MoLR 2/2025**”), thereby expanding the responsibilities of legal entities in applying the Know-Your-Beneficial-Owner (“**KYBO**”) Principle.

Compared to the previous Minister of Law and Human Rights Regulation No. 21 of 2019 on Procedures for Supervising the Implementation of the KYBO Principle (“**MLHR 21/2019**”), this new regulation provides clearer stipulations regarding the obligations of legal entities.



2. **Who is a Beneficial Owner (“BO”)**

Article 1 paragraph (2) of MoLR 2/2025 defines a "Beneficial Owner" as an individual who has the authority to appoint or dismiss the board of directors, board of commissioners, managers, leaders, or supervisors of a company, has the ability to control the company, is entitled to receive benefits from the company either directly or indirectly, holds ultimate control over the company's funds; and/or meets the criteria stipulated under the provisions of laws and regulations.

3. **New Obligations for Legal Entities**

As previously stipulated under MoLHR 21/2019, legal entities are required to identify their BO. In addition to this, MoLR 2/2025 introduces new obligations aimed at ensuring compliance with the KYBO principle, as outlined below.

a. Obligation to Implement the KYBO Principle (Article 3 paragraph (1)):

- Annual update of BO information;
- Management and maintenance of documentation related to BO;
- Responding to inquiries related to the BO.

b. Implementation of KYBO Procedures (Article 4 paragraph (1)):

Corporations are required to:

- Identification and verification of the BO;
- Determination of who qualifies as the BO;
- Submission of the BO information to the Minister of Law and Human Rights.

4. **Who Is Responsible for Conducting BO Verification?**

Under MoLR 2/2025, BO verification must be conducted based on specific risk assessments, including those related to money laundering and terrorism financing (Article 5). The responsibility for this verification lies with the following parties:

- **Legal Entity** (Article 6)
- The legal entity must verify the attached documents and ensure the accuracy of the BO information, particularly when reporting the establishment, changes, or annual updates of the legal entity.



- **Notary** (Article 7)
When a legal entity utilizes notarial services, the notary is also involved in the BO verification process to facilitate corporate actions.
- **Minister of Law and Human Rights** (Article 8)
The Ministry of Law and Human Rights verifies the BO information submitted by the legal entity and/or notary by reviewing the BO questionnaire completed by the completed by the legal entity.
- **Other Government Agencies** (Article 9)
Other institutions may also carry out BO verification in accordance with their respective legal obligations and regulatory authority.

5. Expansion of the Requirement to Complete the BO Questionnaire

Under MoLHR 21/2019, completing the BO questionnaire was an obligation imposed on legal entities. MoLR 2/2025 expands this requirement to also apply to notaries (Article 10, paragraph 1).

The regulation further stipulates that the BO questionnaire must be completed in the following situations (Article 10 paragraph 3)

- When establishing, registering, or obtaining approval for a legal entity;
- When making changes to the Corporation's articles of association of a legal entity;
- When updating the data of a legal entity; and/or
- When reporting, changing, or updating information regarding the BO of a legal entity.

6. Supervision of BO Information Submission

MoLR 2/2025 sets out a simplified framework for the supervision of legal entities in applying the KYBO principle. This includes the submission, modification, and updates of BO information by legal entities. Such supervision may be conducted either electronically or non-electronically, depending on the method of KYBO principle (Article 18 to 21).

7. Administrative Sanctions for Non-Compliance

Under MoLR 2/2025, if a legal entity fails to fulfill its obligation to report or update information regarding its BO, the Minister may impose administrative sanctions. These sanctions apply to the following types of legal entities (Article 22 paragraph 1 and 2):

- Legal entities that fail to report their BO;
- Legal entities that provide false information.

The administrative sanctions may include (Article 22 paragraph 3):

- A written warning;
- Inclusion of the corporation's name on the Ministry of Law and Human Rights blacklist;
- Suspension of access to the Ministry's online legal administration system (AHU Online).

The sanctions will only be lifted if the legal entity properly submits complete and accurate BO information that has been verified by the relevant authority. (Article 25)

8. Conclusion

As outlined above, MoLR 2/2025 aims to enhance transparency regarding the BO of legal entities by setting out more details for legal entities and providing administrative sanctions. As a result, for Japanese-affiliated companies operating in Indonesia, the reporting of Beneficial Owners is expected to become an increasingly important aspect of corporate governance, requiring more accurate and appropriate compliance than ever before.



One Asia Lawyers

One Asia Lawyers Group is a network of independent law firms created to provide seamless and comprehensive legal advice for Japanese and international clients across Asia. With our member firms in Japan, Southeast Asia, Oceania and other ASEAN countries, One Asia Lawyers Group has a strong team of legal professionals who provide practical and coherent legal services throughout each of these jurisdictions.

For any inquiry regarding this article, please contact us by visiting our website: <https://oneasia.legal/> or email: info@oneasia.legal.

This newsletter is general information for reference purposes only and therefore does not constitute our group member firm's legal advice. Any opinion stated in this newsletter is a personal view of the author(s) and not our group member firm's official statement. Please do not rely on this newsletter but consult a legal adviser or our group firm member for any specific matter or legal issue. We would be delighted to answer your questions, if any.

<Author>

	<p>Koji Mai Representative of One Asia Lawyers Indonesia Office Japanese Lawyer</p> <p>Koji Umai spent more than 7 years working at a law firm in Japan where he was involved in various corporate affairs. He also had previous experience handling international matters in civil affairs, real estate, insolvency, and criminal cases.</p> <p>In 2018, he continued his studies at the Singapore Management University, where he obtained his Master's Degree in Law (LL.M) with a specialization in Cross-Border Business and Finance Law in Asia. After finishing the study, he spent some time at a major law firm in Singapore and finally joined One Asia Lawyers.</p> <p>He is currently involved in advising a company expansion strategy based on the latest revisions of regulations and laws, legal follow-up, contracting, labor, legal affairs, various compliances and responding to conflicts after entry into South East Asian jurisdictions especially Indonesian market.</p> <p>koji.umi@oneasia.legal</p>
	<p>Prisilia Sitompul One Asia Lawyers Indonesia Office Indonesian Law Attorney</p> <p>Prisilia spent over 6 years' experience working as an in-house counsel in the legal department in particular areas of energy and natural resources in Indonesia and was involved in various legal works related to energy and natural resources. She took her master's (LL.M) at the University of Aberdeen, the United Kingdom majoring in Oil and Gas Law.</p> <p>After joining One Asia Lawyers Tokyo, as a lawyer of the law of Indonesia, Prisilia conducts legal research related to the laws of Indonesia and offers a variety of support such as reviewing contracts for Japanese corporations expanding into Indonesia. Prisilia also gives support to Indonesian corporations investing in Japan.</p> <p>sitompul.prisilia@oneasia.legal</p>