



Corporate Criminal Liability under the New Criminal Code

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1. Introduction

Indonesia's new Criminal Code, Law No. 1 of 2023 ("New Criminal Code"), and has been partially amended by Law No. 1 of 2026 on Criminal Adjustments ("Law 1/2026") which came into effect on 2 January 2026. The New Criminal Code replaces and revokes the previous Criminal Code, Law No. 1 of 1946 on the Indonesian Criminal Code ("Old Criminal Code"). The new Criminal Code introduces comprehensive provisions on corporate criminal liability. Previously, corporate criminal responsibility was primarily governed by Supreme Court Regulation No. 13 of 2016 on Guidelines for the Handling of Criminal Cases Involving Corporations.



This newsletter focuses on how the New Criminal Code affects corporations in Indonesia and highlights the key provisions that companies should be aware of.

2. Corporations Can Be Criminally Liable

Under Article 45 of the New Criminal Code, corporations can be punished for criminal offences.

"Corporations" include:

- Legal entities, such as limited liability companies, foundations, cooperatives, and state- or regionally owned enterprises; and
- Non-legal entities, such as associations, firms, and limited partnerships, in accordance with applicable laws.

3. When Is an Act Considered a Corporate Crime?

Under Articles 46 and 47 of the New Criminal Code, a crime is considered committed within the scope of the corporation's business activities, if it is carried out by:

- A manager or executive holding a functional position in the corporation;
- A person acting for and on behalf of the corporation, based on an employment or other relationship; or
- A person outside the formal structure (such as a controller or beneficial owner) who has authority to give orders or control the corporation.

4. When Can a Corporation Be Held Liable?

Under Article 48 of the New Criminal Code, a corporation can be held liable if at least one of the following conditions is met:

- The crime is related to the corporation's business or activities;
- The corporation unlawfully benefits from the crime;
- The act is part of corporate policy;
- The corporation fails to prevent the crime or ensure compliance with the law; and/or
- The corporation knowingly allows the crime to happen.



5. Criminal Sanctions and Other Penalties for Corporations

a. Primary Corporate Criminal Sanctions (Article 121 of Law 1/2026)

These are the main financial penalties imposed on a corporation. The amount is determined by the severity of the crime committed:

- General Fine: If no specific law applies, corporations face a minimum Category IV fine (up to IDR 200 million).
- For crimes with imprisonment under 7 years: A maximum Category VI fine (up to IDR 2 billion).
- For crimes with imprisonment of maximum 7 to 15 years: A maximum Category VII fine (up to IDR 5 billion).
- For crimes with imprisonment of 20 years, life, or capital punishment: A maximum Category VIII fine (up to IDR 50 billion).

b. Additional Corporate Criminal Sanctions (Article 120(1) of Law 1/2026)

Beyond the primary fine, a guilty corporation may also be subject to one or more of the following penalties:

- i) Indemnity payments
- ii) Restitution for damages caused
- iii) Completion of neglected obligations
- iv) Fulfillment of customary (*adat*) obligations
- v) Funding for work training
- vi) Confiscation of assets or profits gained from the crime.
- vii) Public announcement of the court's decision
- viii) Revocation of certain licenses
- ix) Permanent ban on undertaking certain activities
- x) Termination of all or part of the corporation's business operations
- xi) Suspension of all or part of its business activities
- xii) Liquidation of the corporation

Important: The penalties in points (viii), (x), and (xi), license revocation, termination, and suspension can only be imposed for a maximum period of two years.

c. Other Measures (Article 123 of New Criminal Code)

In specific cases, the court may also impose the following measures:

- Acquisition of the corporation
- Placement on an official government watchlist
- Placement under government control

6. Transitional Period

The New Criminal Code does not apply retroactively. Crimes committed before 2 January 2026 will continue to be governed by the old Criminal Code, even if the case has not yet been decided by the court. However, if an act is no longer classified as a crime under the New Criminal Code, all ongoing investigations, prosecutions, court proceedings, and even final convictions must be terminated, and the person concerned must be released. Meanwhile, the application of the New Criminal Procedure Code depends on the stage of the case: if no investigation or prosecution has started when the new code takes effect, the new procedural rules will apply, even if the offence occurred earlier; but if the case is already under investigation, prosecution, or trial, the old procedural rules will continue to apply to avoid disruption to ongoing proceedings.

7. Conclusion

As described above, the new Criminal Code introduces comprehensive provisions concerning the criminal liability of corporations. Under the new Criminal Code, liability may be attributed to a corporation not only for the acts of its directors or employees, but also, in certain circumstances, for the acts of third parties acting on behalf of the corporation or individuals who effectively control the corporation. In addition, corporations may be subject not only to fines but also to serious measures such as the revocation of licenses or permits, the suspension or termination of business activities, and even the liquidation of the corporation.

Accordingly, for companies conducting business in Indonesia, it is expected that the establishment and strengthening of compliance systems and internal controls will become more important than ever.

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