

Client Alert

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New Development - MOLHR Now Implements Beneficial Owners Reporting

For More Information:

Mark Innis
Foreign Legal Consultant
+62 21 2960 8618
mark.innis@bakermckenzie.com

Iqbal Darmawan
Partner
+62 21 2960 8567
iqbal.darmawan
@bakermckenzie.com

Daniel Pardede
Partner
+62 21 2960 8609
daniel.pardede
@bakermckenzie.com

Helena Sitorus
Associate
+62 21 2960 8533
helena.sitorus
@bakermckenzie.com

www.hhp.co.id

HHP Law Firm
Pacific Century Place, Level 35
Sudirman Central Business District
Lot. 10
Jl. Jenderal Sudirman Kav. 52-53
Jakarta 12190
Indonesia

Tel: +62 21 2960 8888
Fax: +62 21 2960 8999

As you may be aware from our client alert in March 2018 (click [here](#)), President Regulation No. 13 of 2018 on the Implementation of the Principle of Knowing Beneficial Owners of Corporations in Relation to the Prevention and Eradication of Money Laundering and Terrorism Financing Crimes ("Regulation 13") requires a corporation to report its beneficial owners. The Ministry of Law and Human Rights ("MOLHR"), through its online administration system (known as SABH) ("MOLHR System"), recently started implementing this reporting obligation for any approval/notification receipt applications (e.g., incorporations, amendments of the articles of association, and changes of directors/commissioners).

In the MOLHR System (which can only be accessed by notaries), the MOLHR requires notaries to follow the procedures and fill in the required information on the beneficial owners of the relevant applicants. The MOLHR System also requests notaries to confirm that they (i) know and understand the meaning of beneficial owners, (ii) know and understand Regulation 13 and (iii) agree to comply with the requirements under Regulation 13.

As the MOLHR System is accessed by notaries, in practice, to support their position and to implement Article 18.2 of Regulation 13 where the reporting is accompanied by a statement letter from the corporation confirming the truth of the beneficial owner information submitted, some notaries have started requesting directors of companies to provide a statement letter. There is no formal form of the statement letter requested by the notaries. At this stage, we understand that, in practice, the statement letter is only kept by notaries (i.e., it is not submitted to the MOLHR as part of the documents submitted by notaries).

It remains to be seen whether other government institutions will implement Regulation 13, and if yes, when it will happen. As under Regulation 13 the reporting is submitted to authorized institutions, which are broadly defined and technically would cover all ministries/government agencies that issue licenses, other government institutions may implement this reporting requirement shortly.

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