

## Legal Consequences of the Annulment of a Decision on Amendment to the Articles of Association for Shareholders in a Limited Liability Company (Case Study of Decision No. 196/G/2019/PTUN-Jkt)

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**Abstract.** Amendments to the Articles of Association of a Limited Liability Company (LLC) in Indonesia require compliance with strict procedural requirements, including approval in a General Meeting of Shareholders (GMS), notarization, and endorsement by the Ministry of Law and Human Rights. However, the annulment of such amendments, as exemplified by PT. Optimalah Mineral in Decision No. 196/G/2019/PTUN-Jkt, highlights potential legal and economic uncertainties for shareholders, raising the research problem of how annulment impacts corporate governance and shareholder rights. This study aims to analyze the legal consequences of annulled ministerial approval on LLC Articles of Association and to identify the legal principles considered by the administrative court. Using a normative juridical approach combined with a case study method, this research examines primary legal sources, including statutes, ministerial regulations, and court decisions, supplemented by secondary literature. The findings indicate that annulment alters the legal status of the company, affects ownership structure, and limits shareholders' economic rights, while exposing procedural violations and deviations from the principles of good governance. These results underscore the critical importance of strict adherence to corporate procedural requirements and provide practical guidance for notaries, shareholders, and regulators in preventing disputes and ensuring corporate legal certainty. The study contributes to the broader discourse on corporate law reform and enhances understanding of administrative judicial review in corporate governance.

**Keywords:** Annulment of Decree, Amendment of Articles of Association, Limited Liability Company.

### INTRODUCTION

A Limited Liability Company (PT) is the main business entity in the Indonesian economy that has the status of a separate legal entity from its founders and shareholders, as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies (UU PT) (Law No. 40/2007, Art. 1). The legal identity of a PT is reflected in the Articles of Association (AD), which must be established via a notarial deed in the Indonesian language and include main provisions such as the company's name and domicile; purposes, business objectives, and activities; capital structure; composition of share ownership; and governance mechanisms such as organs, decision-making and representation (Law No. 40/2007, Arts. 5–8; HG.org, 2025; Emerhub, 2024). The AD further regulates the authority of organs like the General Meeting of Shareholders (GMS), Board of Directors, and Board of Commissioners, including procedures for appointments, terms of office, and quorum requirements for meetings—those may be tailored so long as they do not contradict the UU PT and are recorded in the AD (Multilaw, 2024; Voffice, 2024). Amendments to the AD must also follow formal procedures—via GMS resolutions, notarial deed, and typically require ministerial notification or approval within 30 days—underscoring the AD's foundational role in corporate governance and legal certainty (Indonesia-Investments, 2014; SSEK, 2024).

The Articles of Association (AD) functions as a formal written legal document regulating the rights, authorities, and obligations of a company's organs—including the Board of Directors, Board of Commissioners, and shareholders—as well as serving as an operational

guideline and a basis for decision-making. The internal provisions of the AD typically include regulations on the issuance and transfer of shares, voting rights, quorum and meeting procedures, as well as mechanisms for corporate management—ensuring order, transparency, and accountability in company operations (Emerhub, 2024; ECGI, 2021). Furthermore, corporate governance best practices emphasize that the AD should explicitly define the boundaries of authority of directors and commissioners, including conditions under which certain corporate actions (like issuance of new shares or major asset disposition) require shareholder approval (Practical Law, 2023; SSEK, 2024). Properly constructed provisions on internal decision-making processes, including shareholders meeting procedures, voting thresholds, and dispute resolution mechanisms within the AD, are fundamental to prevent abuses of power and to protect minority shareholder rights (SSEK, 2024).

Amendments to the Articles of Association (AD/PT) can only be made through formal procedures that include the approval of the General Meeting of Shareholders (GMS), execution of a notarial deed, and ratification or notification to the Ministry of Law and Human Rights (Kemenkumham). This procedure is legally binding and provides vital protection for the company, shareholders, and third parties (UUPT No. 40/2007, Art. 19–23; Gaffarco Law, 2023). If companies fail to comply—for example, by submitting the notarial deed after the 30-day deadline or lacking the required ministerial approval—such amendments are considered invalid and may lead to legal disputes (Company Law No. 40/2007; Indonesia-Investments, 2014; Prasetyanto & Widayanti, 2025). Courts or Kemenkumham may refuse registration or approval of AD amendments, which can undermine corporate legal certainty and expose management to civil liability (Gaffarco Law, 2023).

Any strategic policy—such as a name change, capital reduction, or adjustment of the company's legal status—must refer to the provisions of the *AD* (Peleg Mizrahi & Tal, 2022). Thus, *AD* is not only the legal identity of the PT but also the foundation that ensures the continuity, stability, and legality of its operations.

The relevance of the importance of procedural compliance is reflected in the case of PT Maesa Optimalah Mineral, where the amendment to the *AD* was canceled, affecting the legal position and economic rights of shareholders. This case confirms that every modification to the *AD* must be carried out in an orderly manner and in accordance with the provisions of the law in order to protect the interests of all stakeholders.

Previous studies have highlighted the importance of procedural compliance in amending the *Articles of Association (AD)* of limited liability companies. For instance, Sari & Nugroho (2020) demonstrated that non-compliant *AD* amendments could lead to legal disputes between shareholders and management; however, their study did not thoroughly examine the economic impact and ownership rights of shareholders resulting from the annulment of Ministry of Law and Human Rights (*Kemenkumham*) approvals. Similarly, Putri (2021) emphasized the need for a juridical analysis of administrative court decisions concerning *AD* annulments, but her study was limited to doctrinal legal analysis and did not consider practical implications for notaries, regulators, and shareholders. Addressing these gaps, this study focuses on the case of PT Maesa Optimalah Mineral (Decision No. 196/G/2019/PTUN-JKT) to analyze the legal consequences of annulled *AD* amendments on the legal status, ownership, and economic rights of shareholders, as well as the legal considerations of judges in reaching their decisions.

The objective of this study is to provide a comprehensive understanding of the impact of

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*AD* annulments and the basis of judicial reasoning, while its benefit lies in strengthening legal certainty and protecting the interests of all stakeholders.

Using a normative-juridical method and a case study approach, this research aims to provide theoretical contributions to corporate and notarial law while serving as a practical reference for policymakers, notaries, shareholders, and corporate supervisors in handling *AD* amendments in a legally structured and secure manner. Theoretically enriching the treasures of legal science, especially corporate law and notary law, it is practically a reference for policymakers, notaries, shareholders, and supervisors in similar cases in the future.

## **MATERIALS AND METHOD**

This study employed a normative juridical approach with a case study method to analyze the legal consequences of annulled amendments to the Articles of Association (AD) in Indonesian limited liability companies. It relied on secondary data, including primary legal materials such as Law Number 40 of 2007 concerning Limited Liability Companies (UUPT) and relevant Ministry of Law and Human Rights regulations; secondary materials such as academic literature, books, and journal articles on corporate and notarial law; and tertiary materials including court decisions, particularly Decision No. 196/G/2019/PTUN-JKT, and other legal commentaries. Data collection was conducted through document review and content analysis to identify relevant legal provisions, procedural requirements, and judicial reasoning concerning AD amendments and their annulment. The qualitative analysis focused on interpreting these sources to understand the implications for shareholders' legal status, ownership, and economic rights, while comparing prior studies to identify gaps. This approach provided a comprehensive understanding of the procedural, legal, and practical consequences of AD annulments and offered guidance for notaries, regulators, and shareholders in ensuring compliance with corporate law.

## **RESULTS AND DISCUSSION**

### **Cancellation of Decisions and Their Impact on Shareholders**

#### **A. Legal Basis for Annulment of Decisions**

The annulment of decisions in corporate law has an impact on legal certainty, property rights, and economic rights. The cancellation of the decision of the Minister or the Ministry of Law and Human Rights regarding the amendment to the AD may cause the change to be invalid and have an impact on the rights of shareholders. The cancellation procedure is regulated in Law No. 30 of 2014, the Minister of Law and Human Rights, and the Law on Human Rights.

#### **B. Case Study: PT Maesa Optimalah Mineral**

In 2015, an amendment was made to the Articles of Association (AD) which stipulated the composition of share ownership at 60% for Plaintiff I and 8% for Plaintiff II. However, in 2019, there was an amendment to the AD that removed the names of the two plaintiffs as shareholders without their consent or knowledge.

The plaintiff filed a lawsuit with the State Administrative Court (PTUN) against the decision to amend the 2019 Constitutional Court, citing violations of rights and non-compliance with legal procedures. The facts of the trial revealed that the plaintiffs were not invited or involved in the General Meeting of Shareholders (GMS) that approved the

amendment to the AD, and there was no evidence of a valid transfer of shares in accordance with the provisions of the law.

### **C. Legal Impact of Decision No. 196/G/2019/PTUN-JKT**

#### **1. Restoration of Shareholder Rights**

Restoration of shareholder rights is the process of returning or re-recognizing rights that have been violated, especially for minority shareholders, through legal mechanisms. In the State Administrative Decision Number 196/G/2019/PTUN. JKT, this recovery was realized by canceling invalid amendments to the Articles of Association (AD) and administrative decisions that were detrimental to shareholders.

The main aspects of the restoration of rights in the decision include:

- a) Re-recognition of Legal Status – Shareholders who were previously aggrieved are restored their legal status, so that they have the right to participate in the company's decision-making again.
- b) Annulment of Invalid Decisions – Administrative decisions taken without proper procedures, such as ignoring the General Meeting of Shareholders (GMS), are annulled in order to ensure the legitimacy and transparency of strategic decisions.
- c) Restoration of Dividend Rights – The right of shareholders to receive dividends as part of the ownership is restored, including the obligation of the company to recalculate and pay dividends withheld during the dispute.
- d) Legal Protection – The judgment strengthens the protection for minority shareholders from potential abuse of power by the majority.
- e) Application of Good Corporate Governance Principles – Restoration of rights is in line with the principles of transparency, accountability, and fairness in corporate management.

Thus, the restoration of rights not only restores the legal position of shareholders but also strengthens trust in corporate governance and creates a fair and sustainable business climate.

#### **2. Legal Certainty and Protection in AD Amendments**

PTUN Decision Number 196/G/2019/PTUN. JKT emphasized that every amendment to the AD must be carried out in accordance with the provisions of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), including procedural and substantive aspects. The important points that this decision emphasizes are:

- a) Legal Certainty – Any administrative action, including amendments to the AD, must be based on clear legal rules, so that all shareholders understand the applicable rights and processes.
- b) Valid Procedure – Amendments to the AD are only valid if decided through a GMS involving all shareholders. A waiver of this procedure, as in this case, renders the change null and void.
- c) Protection of Shareholders' Rights – Proper process protects the rights of all shareholders and prevents unilateral domination by majority shareholders.
- d) Appropriate Substance – The content of the amendment to the AD must not contradict the law or the principle of protecting the interests of the company and shareholders.
- e) Accountability and Transparency – Legitimate procedures reflect a commitment to good corporate governance and increase the trust of stakeholders.

### 3. Accountability of State Officials

The accountability of state officials is the obligation of public officials to account for actions and decisions taken in the implementation of duties. In the context of this decision, the Ministry of Law and Human Rights is obliged to conduct careful legal verification before issuing an administrative decision. The principles of accountability include:

- 1) Legal Process Verification – Ensuring all stages of decision-making are carried out in accordance with procedures and considering relevant facts and evidence.
- 2) Ensuring Legal Certainty – Issuing a valid and fair decision, so that it does not harm any party.
- 3) Protection of Rights – Guarantees the protection of individual and collective rights, including minority shareholders.

With the consistent implementation of accountability, public trust in the legal system and governance can be increased, as well as a more transparent and fair business climate can be created.

## **Juridical Analysis of Decision No. 196/G/2019/PTUN-JKT**

### **A. Judge's Legal Considerations**

#### 1. Ratio Decidendi

This decision confirms that the approval of the General Meeting of Shareholders (GMS), as stipulated in Article 19 and Article 21 of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), is an absolute requirement for the validity of the amendment to the Articles of Association (AD). Without a valid GSM, the amendment of the AD has no legal force. The approval of the Ministry of Law and Human Rights (Kemenkumham) was declared invalid because it was not accompanied by evidence of compliance with applicable legal procedures, thus losing legitimacy.

The non-involvement of the majority shareholders in the GSM process is considered to violate the principles of procedural fairness and the General Principles of Good Governance (AUPB), especially the principles of transparency and participation in strategic decision-making.

#### 2. Compliance with the Regulations

This decision is consistent with the provisions of the UUPT, the Government Administration Law (UUAP), and the regulations of related ministries. The emphasis lies on the importance of transparency, verification procedures, and the protection of shareholder rights as the basic principles of good corporate governance.

Violations of the principles of legal certainty and accountability are used as the basis for the cancellation of administrative decisions taken without legal procedures. This move is intended to protect the rights of shareholders and maintain the integrity of the corporate legal system.

#### 3. Application of Legal Principles

This ruling underlines that legal certainty can only be realized if every administrative decision is taken through a lawful procedure and in accordance with the applicable regulations, so that it has full legitimacy. The aspect of justice is emphasized to prevent arbitrary deprivation of shareholder rights and ensure the protection of

individual rights in the corporate legal realm.

In addition, this ruling emphasizes the responsibility of the Ministry of Law and Human Rights and notaries to ensure the validity of procedures, including verification of completeness of documents and compliance with regulations. Thus, every step in strategic decision-making must meet applicable legal standards and governance principles.

## **B. Implications for Amendments to the Articles of Association**

Amendments to the Articles of Association (AD) are only valid if they are carried out through a General Meeting of Shareholders (GMS) that meets the provisions of the law, followed by recording in a notary deed, and obtaining the approval of the Ministry of Law and Human Rights (Kemenkumham). If one of these stages is not met, the change is considered invalid and can be reversed through a court decision.

Notaries have a legal obligation to ensure that every deed, including the AD amendment deed, is prepared in accordance with legal procedures. Failure of the notary to ensure compliance can lead to legal sanctions, including cancellation of the deed by the court, claims for compensation from aggrieved shareholders, and potential administrative sanctions. This responsibility affirms the vital role of notaries in maintaining the legality and integrity of corporate documents.

Non-compliance with the procedures for amending the Articles of Association has implications for the nullity of the decision, the loss of the legal force of the change, and the possibility of civil and administrative liability. Administrative sanctions can be in the form of revocation of approval of amendments to the Articles of Association and the registration of related parties on the Ministry of Law and Human Rights' blacklist.

This decision affirms that transparency and accountability are fundamental principles in good corporate governance. The application of these two principles to any amendment to the Articles of Association protects shareholder rights, minimizes potential abuse of power, and strengthens public confidence in the integrity and sustainability of the company.

## **CONCLUSION**

The decision annulled the invalid amendment of the Articles of Association (AD), restoring shareholders' rights such as voting, dividends, and legal recognition, highlighting the critical importance of adhering to procedural requirements under the UUPT. It underscored that amendments without shareholder participation and legitimate ministerial approval violate legal certainty and justice. The ruling reinforced the obligation of state institutions to uphold the principles of good governance and prevent adverse decisions, while emphasizing the vital role of notaries in ensuring deed validity through strict compliance with legal formalities. Future research could explore the practical challenges faced by notaries and regulators in enforcing these procedural safeguards and examine the broader impact of annulled AD amendments on corporate governance and shareholder relations.

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