

Indonesia Client Update

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GENERAL CORPORATE / M&A

Stricter Annual Reporting Requirements for Limited Liability Companies



Indonesia now has a clear mechanism, along with real consequences, for late annual report submissions. Minister of Law Regulation No. 49 of 2025 on the Requirements and Procedures for the Establishment, Amendment, and Dissolution of Limited Liability Companies ("Regulation 49/2025") introduces a defined reporting process, deadlines, and enforceable sanctions, all of which is changing how companies must handle their annual compliance cycle.

Under Indonesian Companies Law (Law No. 40 of 2007, as amended), board of directors have long been required to submit an annual report to both the general meeting of shareholders ("GMS") and the Minister of Law. However, the law does not explain how companies should submit their reports or specify administrative sanctions for non-compliance.

Regulation 49/2025 addresses this gap by introducing detailed reporting procedures along with strengthened supervisory and enforcement mechanisms. With these changes in place, companies now face clearer expectations and consequences when it comes to annual report submission. The key requirements under Regulation 49/2025 are outlined below.

Revamped Obligation to Submit Annual Report

Article 66 of the Companies Law requires a company's board of directors to submit an annual report to the GMS no later than six months after the end of the company's financial year. At the minimum, the annual report must include the company's annual financial statements, which consist of the balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and, where applicable, the auditor's notes.

These requirements are further reinforced under Article 16 of Regulation 49/2025, which maintains the same six-month deadline and introduces the following additional steps:

1. The GMS resolution approving the annual report must be restated in a notarial deed.
2. Within 30 calendar days after the deed is signed, the board of directors, through a notary, must notify the Minister of Law by submitting an electronic notification through the Legal Entity Administration System (*Sistem Administrasi Badan Hukum* or "SABH"). Such notification must include: (i) the notarial deed; and (ii) the annual report

Once the submission is completed, the Minister of Law, through the Director General, will issue an acknowledgment of receipt.

Administrative Sanctions

Under Article 17(1) of Regulation 49/2025, companies that fail to submit their annual report on time may face the following administrative sanctions:

1. Written warnings delivered through SABH and/or email; and
2. Suspension of SABH access if the company still does not comply within 30 days of the warning.

To restore access, companies must submit an unblocking request through SABH and upload the required documents noted above.

Key Takeaways

Regulation 49/2025 marks a significant shift in how the Ministry of Law oversees and enforces the annual report obligations. Key points for companies:

1. **Non-compliance now has operational impact:** Suspension of SABH access can delay or halt corporate administrative actions and filings.
2. **Deadlines are strictly enforced:** The 30-day deadline after notarisation is strictly enforced, and non-compliance will trigger warnings and potential access blocking.
3. **Reporting scope is wider:** The annual report must include all components under Article 16 of Regulation 49/2025, including social and environmental responsibility reporting, which may require additional preparation time and cost for the company.
4. **Internal workflows may need updating:** Companies should review and update their internal workflows to ensure annual reports are prepared, approved, and submitted within the required timelines.

Contacts

GENERAL CORPORATE / M&A



Eko Ahmad Ismail Basyuni

PARTNER

D +62 21 2555 7802
eko.basyuni@ahp.id



Derry Patra Dewa

SENIOR ASSOCIATE

D +62 21 2555 7892
derry.dewa@ahp.id

Please feel free to also contact Knowledge Management at RTApublications@rajahtann.com.

Regional Contacts

Cambodia

Rajah & Tann Sok & Heng Law Office

T +855 23 963 112 | +855 23 963 113
kh.rajahtannasia.com

China

Rajah & Tann Singapore LLP Representative Offices

Shanghai Representative Office
T +86 21 6120 8818
F +86 21 6120 8820

Shenzhen Representative Office

T +86 755 8898 0230
cn.rajahtannasia.com

Indonesia

Assegaf Hamzah & Partners

Jakarta Office
T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

Lao PDR

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

Malaysia

Christopher & Lee Ong

T +603 2273 1919
F +603 2273 8310
www.christopherleeong.com

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Myanmar

Rajah & Tann Myanmar Company Limited

T +951 9253750
mm.rajahtannasia.com

Philippines

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8248 5250
www.cagatlaw.com

Singapore

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

Thailand

Rajah & Tann (Thailand) Limited

T +66 2656 1991
F +66 2656 0833
th.rajahtannasia.com

Vietnam

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office
T +84 28 3821 2382
F +84 28 3520 8206

Hanoi Office

T +84 24 3267 6127 | +84 24 3267 6128
vn.rajahtannasia.com

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