

## **A Legal Paradigm regarding the Establishment of Limited Liability Company in Indonesia and Malaysia**

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### **Abstract**

Most guidelines issued by government agencies, such as business license applications and immigration procedures, merely concentrate on companies, not Limited Liability Companies. However, a Limited Liability Company is a legal entity with legal consequences; besides Limited Liability Company can bring legal actions and have legal rights and obligations. In this context, there is an issue with establishing a Limited Liability Company. Therefore, this paper aims to analyze the issue and legal aspect of the Limited Liability Company in both countries, i.e., Malaysia and Indonesia. The method employed in this article is qualitatively based. Therefore, this paper will analyze the materials to study the outlines of legal issues in Limited Liability Companies and focus on Indonesia and Malaysia's jurisdiction. This paper found an issue in the legal aspect of a Limited Liability Company, which can be seen in Indonesia and Malaysia's jurisdiction. In conclusion, it is recommended that it is vital to appreciate and understand the legal aspect of a Limited Liability Company in Indonesia and Malaysia's jurisdiction, especially regarding the protection of creditors. The improvement is suggested to enhance the understanding of the legal paradigm of a Limited Liability Company.

**Keywords:** Company, law, Limited Liability Company, Indonesia, Malaysia.

### **Introduction**

A Limited Liability Company is a form of business entity legally declared as a legal entity. As a legal entity, a Limited Liability Company is legally considered to be like an individual human being who can act as an individual or in Dutch called a person, who can have rights and obligations like a person or a person, can also carry out legal actions and relationships, become a legal subject and can be a party to the case. In the business association, a Limited Liability Company can be in the position of being a debtor or creditor. Even in its

development as a Limited Liability Company as a legal entity, it can be subject to corporate criminal sanctions, such as fines. Corporations refer to artificial legal subjects created by the State to carry out the activities of a company. So, the primary concern of the corporation is the aspect of legal subjects and running the company.<sup>1</sup>

This paper will look for sources that explain different parts of Limited Liability Companies in Indonesia and Malaysia. First, it is essential to know how Limited Liability Companies are seen in these countries. For example, the most common way to start a business in Malaysia is with a Limited Liability Company, also called a company limited by shares.<sup>2</sup> The Companies Act, which is Malaysia's principal business statute, says what a company limited by shares needs to do to get registered.

Further, in Indonesia, foreign investors who want to do business and invest in Indonesia under Law No. 25 of 2007 about Investment must run their businesses as Limited Liability Company, according to Indonesian law. This is because investors come from countries with a Civil Law legal system and countries with a Common Law legal system. Therefore, it is rare for Limited Liability companies that do business in Indonesia to have problems with how they run their business or how they do their work.

The Indonesian regarding Limited Liability Company recognizes three separate Limited Liability Company organs based on the Company Law. They are the General Meeting of Shareholders (GMS), the Board of Commissioners, and the Board of Directors. In the same way, Law No. 11 of 2020 about Job Creation means that in Indonesia, a Limited Liability Company can now be started by just one person. This means that it is no longer a capital partnership. At least two people must start. Sound Corporate Governance Principles should be written into the formal legal rules so that any Limited Liability Company (read PT in Indonesian) with corporate organs like the Board of Directors, Board of Commissioners, and shareholders must follow them.<sup>3</sup>

## Methodology

The methodology is a set of techniques used to research or study.<sup>4</sup> This paper uses a qualitative method by highlighting the literature<sup>3</sup> from within and outside the country, guided by primary and secondary sources that discuss Limited Liability Company issues. Primary data is original or raw data obtained from a primary source, for example, through field studies.<sup>5</sup> Secondary data has been processed and is not the result of field studies. These data are usually obtained through a literature review. This writing uses data from primary and secondary sources through observation and research through reading on the internet, such as statutes, treaties, papers, blogs, newspapers, and others. In addition, the observation made by the author is one of the ways when seeking information without involving two-way communication. In other words, the author did not ask the respondents. This study is done by observing the current issues and news related to Limited Liability Companies from Malaysia and Indonesia. Each

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<sup>1</sup> Budiyono, T. (2011). No Title : HukumPerusahaan, Telaah Yuridis Terhadap Undang-Undang nomor 40 Tahun 2007 Tentang Perseroan Terbatas.

<sup>2</sup> Bestar RW William Sdn Bhd. (2022). Set up a Limited Liability Company in Malaysia. <https://www.companyincorporationmalaysia.com/set-up-a-limited-liability-company-in-malaysia>

<sup>3</sup> Aspan, H. (2017). Good Corporate Governance Principles in the. I(1), pp. 87-100.

<sup>4</sup> Salmianti Mutalib. Tinjauan Kecenderungan Keusahawanan dalam Kalangan Pelajar di Institusi Pengajian Tinggi Awam. (An Observation of Entrepreneurial Tendencies among Students in Public Institutions of Higher Learning). Jurnal Universiti Tun Hussein Onn Malaysia (UTHM). (2013). 4: 38-50.

<sup>5</sup> Nirwana Sudirman & Zulkifley Hamid. Pantun Melayu Sebagai Cerminan Kebitaraan Perenggu Minda Melayu. (Malay Poems as a Reflection of the Perenggu of the Malay Mind.) Jurnal Melayu. (2016) 15(2): 146-159.

data obtained was analyzed in detail until this paper was produced.

### ***Position of Law in Malaysia***

In Malaysia, the regulation of Limited Liability Company is based on a regulation known as the Companies Act 1965. Malaysia, one of the commonwealth member countries (commonwealth), follows British law. British law regulating company law in the United Kingdom of Great Britain refers to the Companies Act 2006, which is not much different from that stipulated in the Companies Act 1965 of Malaysia. Generally, based on Malaysian law, Section 14 (1) of the Companies Act 1965 states that two or more people can establish a company for purposes that are not contrary to law.

The issue is how to start the business. In Malaysia, one way to start a business is to form a Limited Liability Company, also called a company limited by shares. This is the most common business structure in Malaysia. Companies Act, the primary law that governs business in Malaysia, reveals how a company limited by shares can get registered.<sup>6</sup> The public limited Company (Berhad) and the private limited Company (Sendirian Berhad) are the two main types of the company limited by shares in Malaysia. The difference is in who owns what. With a public company, investors can buy shares to own shares in the company, but this is not allowed with the other type of legal entity. In Malaysia, medium-sized businesses usually choose a private limited company, while larger businesses use a public company.

In Malaysia, according to the Malaysian Companies Act 1965, what is meant by a private company is to<sup>7</sup> a) provide limitations on the right to transfer or transfer shares; b). Limit the number of members of the company to no more than 50 people; c). Prohibit any attempt to persuade the public to own shares or bonds of the company; d). Prohibit any attempt to invite the public to deposit funds in the company for a certain period or payable if requested.

Meanwhile, a limited company or limited company, according to Malaysian company law, is required to use the phrase 'Berhad' or shortened to 'Bhd' as part of the company name, which is placed after the company name (Companies Act 1965 Section 22 sub-section (3)), while for private companies, it is required to use the phrase 'Alone' or shortened to 'Sdn.' which is placed before the phrase 'Berhad.'<sup>8</sup> The significance of limited liability was conveyed in *Senkin v Pharmaceutical Society of GB (1921) 1 Ch. 392*. In that case, limited liability is the offspring of a proven necessity that men should be entitled to engage in a commercial pursuit without involving the whole of their fortune in that pursuit in which they are engaged.

Are there any amendments in Malaysia to the company law? The Companies Act 2016 (CA 2016) changed Malaysian corporate law to answer this.<sup>9</sup> It replaced the Companies Act 1965 (CA 1965). Almost every part of Malaysian company law was changed by the CA 2016. "A company shall have one or more members," stipulates section 9(b) of the CA 2016 Act. This part of the law makes it possible to start a company with only one member. Most businesses can be put into one of two groups: 1) limited and unlimited liability companies; and 2) public and private companies. Section 10(1) of CA 2016 stipulates that a company can be set up into three types which are (a) a company limited by shares, (b) a company limited by

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<sup>6</sup> Bestar RW William Sdn Bhd. (2022). Set up a Limited Liability Company in Malaysia. <https://www.companyincorporationmalaysia.com/set-up-a-limited-liability-company-in-malaysia>

<sup>7</sup> Malaysia, L. of. (1973). Laws of Malaysia Companies Act 1965 (Act 125). Companies Act, Act 125.

<sup>8</sup> Malaysia, L. of. (1973). Laws of Malaysia Companies Act 1965 (Act 125). Companies Act, Act 125.

<sup>9</sup> Chan Wai Meng. (2020). Malaysian Companies Act 2016: An Overview. <https://www.accaglobal.com/an/en/student/exam-support-resources/fundamentals-exams-study-resources/f4/technical-articles/mys-comp-act.html>

guarantee, or (c) an unlimited company. In a company limited by shares, a member's liability is limited to the amount unpaid on their shares. In a company limited by guarantee, a member's liability is limited to the amount they agreed to contribute to the event the company is wound up. In an unlimited company, a member's liability is not limited. Section 25(1) of CA 2016 stipulates that the name of an unlimited company must end with the word "Sendirian" or the abbreviation "Sdn" to make it stand out from other businesses.

There are some differences between Public and Private Companies. The details are as follows:

Public Companies	Private Companies
At least two directors who ordinarily reside in Malaysia by having a principal place of residence in Malaysia and minimum of one promoter.	At least one director who ordinarily resides in Malaysia by having a principal place of residence in Malaysia and minimum of one promoter.
Mandated to hold its annual general meeting (S390 of CA 2016).	May pass a written resolution (S290 of CA 2016).
Must have its accounts audited.	Certain categories of private companies are exempted from having its accounts audited (S255 of CA 2016).

**Table 1:** *The differences between Public and Private Companies.*<sup>10</sup>

Furthermore, a company can also be classified as either a private or a public company. Under the CA 2016, a private company is required to have the following characteristics:

- i. the companies limited by share (section 42(1));
- ii. not more than 50 shareholders (section 42(1)).
- iii. The restriction of the transfer of its share (section 42(2));
- iv. It cannot offer its shares or debentures to the public (section 43(1)). Section 15(1) of the CA 1965 prohibited a private company from inviting the public to subscribe to its share or debentures.
- v. It cannot allot shares or debentures to offer them to the public (section 43(1)). This prohibition was not founded in the CA 1965; and
- vi. It cannot invite the public to deposit money with the companies (section 43(1)).

In section 25(1), it said that the name of a private business must end with "Sendirian Berhad" or "Sdn. Bhd." in addition to the above qualities. On the other hand, the name of public companies will end with "Berhad" or the abbreviation "Bhd." as mentioned before. Additionally, a public company may have one or more of the characteristics imposed on a private company. Most public companies, for example, are limited by shares.<sup>11</sup>

The CA 2016 lists the following differences between a private company and a public company, other than the names: First, by law, a private company only needs one resident director, while a public corporation must have at least two resident directors. Second, a written resolution can only be made by a private company (section 290). Third, a public company is mandated to hold an annual general meeting (section 390). Fourth, some private companies are

<sup>10</sup> VimeJit Kaur. (2020). Introduction to Company Law. Universiti Sultan Zainal Abidin.

<https://www.studocu.com/my/document/universiti-sultan-zainal-abidin/law-of-association-company-i/company-law-notes/11222417>

<sup>11</sup> Chan Wai Meng. (2020). Malaysian Companies Act 2016: An Overview. <https://www.accaglobal.com/an/en/student/exam-support-resources/fundamentals-exams-study-resources/f4/technical-articles/mys-comp-act.html>

exempted from having their financial statements audited (section 255). Finally, the CA 2016 makes setting up a new business more accessible. The Act gives a new way to incorporate. Section 15 says that the Registrar of Companies (the “ROC”) will give the company a registration number and a notice of registration if they follow the steps and pay the fee. The registration notice is conclusive evidence that the company is duly registered (section 19). The ROC can only give a company a certificate of incorporation if the company asks for it upon an application and payment of the prescribed fee.<sup>12</sup>

Businesses can also be closed down in different ways. Indeed, there are avenues of liquidation of companies. There are two approaches to winding up a company: (1) voluntary winding up where the members have passed a resolution to wind up the company; and (2) compulsory winding up when the court has ordered the company to be wound up (section 432(1)).

Firstly, the commencement of winding up. A business may be wound up on its own when its members vote. However, if an interim liquidator is appointed before the members’ resolution is passed, the winding up will commence when the director’s declaration of the company’s insolvency is lodged with the ROC (section 441). The process starts with a compulsory winding up when the members’ resolution is passed. If the company has already passed a resolution to wind up voluntarily before the winding up petition is presented, the winding up process starts when the members’ resolution is passed. In all other cases, the liquidation starts when the “winding-up order” is given (section 467).

Secondly, they are unable to pay debts. In *Salomon v. Salomon & Co Ltd (1895-1899) All ER Rep 33*, the court ruled that Mr Salomon could not be held responsible for the business’s debts to unsecured creditors because he had paid in full for his company shares. A company goes out of business because it cannot pay its bills. Under section 466 CA 2016, a business cannot pay its debts if it does not pay a debt over the amount set by the Minister within 21 days of getting a notice of demand at its registered office. At the moment, the amount set by the Minister is RM50,000. In addition, section 466 says that the creditor who has not been paid must file the petition to close the business within six months of the expiration of the notice of demand.

On 21 April 2020, the Minister issued “A Direction of the Minister under Paragraph 466(1)(a)”. The purpose is to increase the indebtedness threshold from RM10,000 to RM50,000 as a temporary measure from 23 April 2020 to 31 December 2020. Later, the Companies Commission of Malaysia (SSM) permanently raised the indebtedness threshold for companies from RM10,000 to RM50,000, effective 1 April 2021, to reduce the risk of winding up companies coping with cash flow problems.

Last is the secured creditor. The debts of a company can be secured or unsecured. In Section 524 of the 2016 California Civil Code, the secured creditor has three choices about the property that the debtor has put up as collateral. First, if the secured creditor is allowed to sell the collateral, they can do so and go after any remaining debt as an unsecured creditor (sections 524(1)(a) and (3)(a)). Second, section 524(1)(b) says that the secured creditor can figure out how much the collateral is worth and then claim the difference as an unsecured creditor. Third, the secured creditor can give the charge to the liquidator for the benefit of all creditors and claim the total amount as an unsecured creditor (section 524(1)(c)). To sum up, the CA 2016

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<sup>12</sup> Chan Wai Meng. (2020). Malaysian Companies Act 2016: An Overview. <https://www.accaglobal.com/an/en/student/exam-support-resources/fundamentals-exams-study-resources/f4/technical-articles/mys-comp-act.html>

has reformed almost some aspects of company law in Malaysia, and there is a need to refer back to the statute when discussing the issue of Limited Liability Company.

### *Position of Law in Indonesia*

Here we discuss the uniqueness of Indonesia about Limited Liability Company. In Indonesia, the name of the company must be preceded by the phrase “Limited Company” or abbreviated as “PT”, while for a Public Company, the company name must still be preceded by the phrase “Limited Company,” but at the end of the company name, the abbreviated phrase “Tbk” is added.<sup>13</sup>

Essentially, in Indonesia, business entities are classified into two: business entities that are legal entities and business entities that are not legal entities. Such classification is seen from the legal status, as well as to distinguish those legal entities that can be interpreted as legal subjects while non-legal entities are not legal subjects. The term business entity can be interpreted as an entity with a specific form of business, as opposed to an individual business form. In some forms of existing companies, the original form is an association. The association referred to here is an association in a broad sense, which does not have its personality and has the following elements: common interests, common will, common goals, and cooperation.<sup>14</sup>

Legal entity business entities include Limited Liability Companies (PT) and Cooperatives. Different laws govern their needs and formation. For example, a company recognized by the law as a legal entity is called a Limited Liability Company (PT).<sup>15</sup> Business entities like Firms and Limited Partnerships/CVs are not legal entities, but so far, they have not been governed by any specific laws. Nevertheless, they keep bringing up the Dadang Law (KUHD) and the Civil Code (KUH Perdata). Articles 22 and 23 of the KUHD stipulate that the establishment of the firm is carried out with an official (authentic) deed but without the possibility of stating the absence of the deed to third parties and is required to register the deed at the Court Registrar. Therefore, firm registration is carried out by registering the firm’s deed in the register at the Registrar’s Office of the District Court.<sup>16</sup> Likewise, the stance is the same for establishing a Limited Partnership, which is regulated among the articles governing the firm.

Law number 40 of 2007 is the basis for how Limited Liability Companies are run. It was later changed by Law number 11 of 2020, which was about Job Creation. One of its articles changed Law number 40 of 2007 about Limited Liability Companies, especially regarding who could start one. A Limited Liability Company was a company started by two or more people and was a capital partnership. Even though it takes several steps to set up, such as signing a deed, getting it ratified, registering it, and letting the public know about it,

As a legal entity, a Limited Liability Company has legal effects similar to those of a person, who can do legal things, have legal relationships, rights, and responsibilities, and can be a legal subject. It is essential to know when a Limited Liability Company has the status of a legal entity to ensure that the PT is responsible to third parties. A Limited Liability Company is a trendy way to set up a business. Limited Liability Company is the most popular way to

<sup>13</sup> Publishing, I. L. C. (2011). No Title : Undang-Undang Republik Indonesia nomor 40 Tahun 2007 Tentang Perseroan Terbatas & Peraturan Pelaksana.

<sup>14</sup> Hadikusuma Sutantya R. dan Sumantoro. (1996). No Title: Pengertian Pokok Hukum Perusahaan, Bentuk-Bentuk Perusahaan Yang Berlaku Di Indonesia.

<sup>15</sup> Santoso, J. (2000). Perseroan Terbatas sebagai Institusi Kegiatan Ekonomi yang Demokratis. *Jurnal Hukum IUS QUIA IUSTUM*, 7(15), 194–203. <https://doi.org/10.20885/iustum.vol7.iss15.art15>

<sup>16</sup> Yustisia Utami, P. D. (2020). Pengaturan Pendaftaran Badan Usaha Bukan Badan Hukum Melalui Sistem Administrasi Badan Usaha. *Jurnal Komunikasi Hukum (JKH)*, 6(1), 1. <https://doi.org/10.23887/jkh.v6i1.23432>

organize a business and is in high demand by the public. Because of this, many more business entities are organized as limited liability companies than other business entities.<sup>17</sup>

Article 1 point 1 of Law number 40 of 2007 about Limited Liability Companies stipulates that a Limited Liability Company after this denoted as a company, is a legal entity that is a capital partnership, is set up based on an agreement, does business with authorized capital that is completely split into shares and meets the requirements set out in this law and its rules for implementation.<sup>18</sup> Because the idea of a Limited Liability Company as a legal entity made by contract has been accepted, Article 7 paragraph (1) of the Company Law says that two or more people must make a Limited Liability Company. In this case, the word “person” refers to a person or a legal entity. So, a PT can be made by an individual or a legal business. Still, because of the changes made by Law 11 of 2020 on Job Creation, the following sentence has been added: ...or individual legal entities that meet the criteria for Micro and Small Enterprises as set out in the regulations made by Law on Micro and Small Enterprises.

Based on the definition of a Limited Liability Company in Article 1 number (1), the following definitions are correct: 1) A clear statement in the law that a Limited Liability Company is a type of legal entity: that a Limited Liability Company is a legal entity, which means that it has rights and responsibilities like people do; 2) PT Established based on an agreement: Every Company is set up based on an agreement. This means that at least two people<sup>19</sup> must agree to set up a company, which is proven in writing in the Deed of Establishment, which must be made in the form of a Notary Deed<sup>20</sup> and include the Articles of Association, which must be submitted to the government for approval in this case through the Ministry of Justice. 3) It is a capital partnership, which means that at least two people have to put money into it; 4) Doing business: Every Company carries out business activities, namely activities in the economic field, to obtain profits; 5) Authorized capital: Every Company must have a total amount of authorized capital that is split into shares. Authorized capital is the company's assets as a legal entity, different from the founders', corporate organs', and shareholders' assets. 6) Meeting the requirements of the law Each business must follow the rules for Limited Liability Companies and the laws that go along with them. In terms of dominant traits, the law gives PT the autonomy status of “standi charm,” making them independent legal subjects and humans.

Regarding the authorized capital of a limited liability company mentioned in the division into shares, from the word divided, the capital of a limited liability company does not come from one person or, in other words, does not come from one person. However, the capital is divided into several or several shares. Regarding the dominant characteristics, the independent position of PT by law is given ‘standi charm,’ making independent legal subjects and the human people. Regarding the authorized capital of a limited liability company mentioned in the division into shares, from the word divided, the capital of a limited liability company does not come from one person or, in other words, does not come from one person. However, the capital is divided into several or several shares.

Regarding the dominant characteristics, the independent position of PT by law is given ‘standi charm,’ making independent legal subjects and the human people. Regarding the

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<sup>17</sup> Sinaga, N. A. (2018). Hal-Hal Pokok Pendirian Perseroan Terbatas. *Jurnal Ilmiah Hukum Dirgantara*, 8(2), pp. 17-45.

<sup>18</sup> Publishing, I. L. C. (2011). No Title : Undang-Undang Republik Indonesia nomor 40 Tahun 2007 Tentang Perseroan Terbatas & Peraturan Pelaksana.

<sup>19</sup> Putra, S. A. (2017). Legal Protection of Minority Shareholders (Acquisition Company in Indonesia and Malaysia). *Journal of Law, Policy and Globalization*, 59, 172–180. <https://doi.org/10.33087/wjh.v4i1.88>

<sup>20</sup> Hidayat, T. (2007). Perbandingan Pendirian Perseroan Terbatas (PT) di Indonesia dan Syarikat Berhad (Bhd) di Malaysia (Studi di Notaris dan PPAAT Bil' id Muhdin Boftem Surabaya Indonesia dan Law.

authorized capital of a limited liability company mentioned in the division into shares, from the word divided, the capital of a limited liability company does not come from one person or, in other words, does not come from one person. However, the capital is divided into several or several shares.<sup>21</sup> The shareholders include the capital, which comprises and is divided into shares in their status as company members by paying or transferring the shares into the Company treasury.<sup>22</sup>

In spite of that, a statement of directors' duty enshrined under S. 213 CA 2016 provides that a company director shall always exercise his powers for a proper purpose, in good faith and in the company's best interest. He must also exercise reasonable care, skill and diligence with the knowledge, skill, and experience one may reasonably expect of a director having the same responsibilities and any additional knowledge, skill and experience he possesses. The directors' decisions are perilous when the company is insolvent. They must delicately balance the company's survival and the creditors' interests. The directors' option is either to cease trading or to restructure. Ceasing trading may save them from insolvent trading liability.

In Malaysia, the directors can be liable for fraudulent trading through civil liability under S. 540(1) and S. 540(2) CA 2016.<sup>23</sup> In contrast, the criminal liability is under S. 539(3) or S. 540(5). Sections 539(3) and 540(1) require the element of knowledge of the delinquent director or officer in question.

The intention to defraud creditors this way requires a heavy burden of proof since it must be proven that directors knowingly continued to trade with no intention of paying their debts. However, in *Dato' Gan Ah Tee & Anor (in their capacity as liquidators of Par-Advance Sdn Bhd (in liquidation)) v Kuan Leo Choon & Ors*,<sup>24</sup> the court adopted a lower degree of proof. The applicable standard of proof is the civil standard, which is one of the balances of probabilities based on the phrase "if...it appears" in S. 304(1) of the Companies Act 1965<sup>25</sup> (which is the equivalent to S. 540(1) CA 2016). In Malaysia, the significance of the provisions received growing judicial approval through the increased cases of fraudulent trading provisions recently.<sup>26</sup> Apart from actions based on fraudulent trading provisions, the liquidator also can institute actions to set aside certain transactions amounting to preferences to specified creditors, floating charges created within six months before winding up, or transactions at undervalue.<sup>27</sup>

## Conclusion

In conclusion, this paper found an issue in establishing a Limited Liability Company, which can be seen in Indonesia and Malaysia's jurisdiction. In the end, it is said that it is essential to understand the legal parts of a Limited Liability Company. "A company must have one or more members," stipulated in Section 9(b) of the CA 2016 Act of Malaysia. This part of the law makes it possible to start a company with only one member. Most businesses can be put into one of two groups: 1) limited liability companies and 2) public and private companies. Section 10(1) of CA 2016 says that a company can be set up as (a) a company limited by shares;

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<sup>21</sup> Sandra Dewi. (2018). Pengaturan Perseroan Terbatas Terhadap Kasus-Kasus di Berbagai Negara dalam Hal Tanggung Jawab Terbatas atau Limited Liability. *Ensiklopedia of Journal*, 1(1), pp. 124-133.

<sup>22</sup> Soerodjo, I. (2018). The juridical implication of share cross-holding according to limited liability company law in Indonesia. *Journal of Legal, Ethical and Regulatory Issues*, 21(2), pp. 1-18.

<sup>23</sup> See S. 539(3); S. 540(1) & (2) CA 2016.

<sup>24</sup> [2012] 2 AMCR 829; [2012] 10 MLJ 706.

<sup>25</sup> The Companies Act 1965 was repealed when the CA 2016 came into force on 31 January 2017.

<sup>26</sup> For the most recent cases, see *Tetuan Sulaiman & Taye v Wong Poh Kun & Anor* [2020] 10 CLJ 121, *Mega Trinity Sdn Bhd v Chin Thau Vui & Ors* [2021] MLJU 1193, *Lee Teck Meng v Prem Kumar A/L Ganasaratnam & Ors* [2021] MLJU 394, *Ananda Kumar A/L Krishnan v LS Fishery Sdn Bhd & Ors* [2021] MLJU 343, *Jalex Sdn. Bhd. v City Properties Sdn. Bhd. & Ors* [2020] MLJU 329[2020] 10 MLJ 100

<sup>27</sup> See S. 528, S. 529 and S. 530 CA 2016 respectively.



(b) a company limited by guarantee; or (c) an unlimited company. Article 1 number 1 of the Indonesian Civil Code stipulates the following about a Limited Liability Company: (1) A clear statement in the law that a Limited Liability Company is a type of legal entity: that a Limited Liability Company is a legal entity, which means that it meets the requirements for something that has rights and responsibilities like a person. Therefore, there is always a need to refer back and further understand to grasp mentally the legal paradigm in both countries. Further, understanding the law and statute is crucial when discussing the Limited Liability Company issue and company law in both countries.

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