

# LEGAL PROTECTION OF CREDITORS IN THE DISSOLUTION OF LIMITED LIABILITY COMPANIES WITHOUT LIQUIDATION: AN ANALYSIS OF THE PIERCING THE CORPORATE VEIL DOCTRINE

Angelica Brigitta Michelle Rusli<sup>1</sup>, Caitlyn Nadya Aurelia<sup>2</sup>, Jesslyne Burhan<sup>3</sup>

Master of Notary, Universitas Pelita Harapan, Indonesia

E-mail: [Angel.rusli12@gmail.com](mailto:Angel.rusli12@gmail.com)<sup>1</sup>, [Caitlynn.nadya@gmail.com](mailto:Caitlynn.nadya@gmail.com)<sup>2</sup>, [Jesslyneburhan03@gmail.com](mailto:Jesslyneburhan03@gmail.com)<sup>3</sup>

Received : 01 April 2026  
Revised : 10 April 2026

Accepted : 05 May 2026  
Published : 02 June 2026

## Abstract

The dissolution of a Limited Liability Company (PT) without undergoing proper liquidation procedures constitutes an abuse of legal entity status that is detrimental to creditors. This practice is often employed as a means to evade contractual obligations, which normatively contradicts the principles of good corporate governance. This study aims to examine the limits of liability of corporate organs in the liquidation process and to analyze the relevance of the Piercing the Corporate Veil (PTCV) doctrine as an extraordinary legal remedy for creditors. The research method used is normative juridical with a descriptive-analytical specification. The primary data sources include Law Number 40 of 2007 concerning Limited Liability Companies and its implementing regulations within the SABH system of the Ministry of Law and Human Rights. The findings indicate that the dissolution of a company without the settlement of debts constitutes an ultra vires act that nullifies the protection of limited liability. The PTCV doctrine allows judges to disregard the company's legal entity status and impose joint and several liability on Directors or Shareholders personally if elements of bad faith are proven. This study underscores the urgency of synchronizing the electronic registration system with liquidation oversight mechanisms to minimize the unilateral and irresponsible removal of legal entity status.

**Keywords:** Company Dissolution, Liquidation, Creditors, Piercing the Corporate Veil, Personal Liability.

## INTRODUCTION

A Limited Liability Company (Perseroan Terbatas/PT) as a legal entity is characterized by the separation of assets between the company and its shareholders, giving rise to the principle of limited liability. The regulation of this principle, including the mechanism for company dissolution, is governed by Law Number 40 of 2007 concerning Limited Liability Companies (Company Law). The law stipulates that any dissolution of a company must be followed by a liquidation process to settle all rights and obligations of the company. Liquidation thus serves as a crucial instrument to ensure the protection of creditors, enabling them to obtain repayment of their claims in a proportional and transparent manner.

However, in practice, there are still instances where companies are dissolved without undergoing the liquidation process as mandated by the Company Law. This situation gives rise to legal issues, particularly for creditors who lose the assurance of claim fulfilment due to the absence of asset settlement procedures. In many cases, such dissolution without liquidation is accompanied by actions such as asset transfers or the evasion of obligations by shareholders or directors. This reflects a potential abuse of the legal entity status, whereby the principle of limited liability is misused as a means to avoid legal accountability.

In this context, the doctrine of Piercing the Corporate Veil becomes relevant as a legal mechanism to penetrate the boundaries of limited liability and impose personal liability on parties who misuse the corporate legal entity. Although the Company Law has provided regulations regarding the responsibilities of directors and shareholders under certain conditions, such provisions are considered insufficient to offer optimal protection for creditors, particularly in cases of dissolution without liquidation. Therefore, an analysis of the application of this doctrine is essential to address legal gaps and strengthen creditor protection.

## METHOD

This study employs a normative legal research method, which is conducted through the examination of library materials or secondary data relevant to the legal issues under investigation. The approaches applied include

the statute approach and the conceptual approach, by analyzing the provisions set forth in Law Number 40 of 2007 concerning Limited Liability Companies, as well as the doctrine of Piercing the Corporate Veil as the basis of analysis. The legal materials utilized consist of primary legal materials in the form of statutory regulations, secondary legal materials such as books, academic journals, and expert opinions, and tertiary legal materials including legal dictionaries and encyclopedias. The collection of legal materials is carried out through library research, while the analysis is conducted qualitatively using a descriptive-analytical method, namely by systematically describing and examining the issues in order to derive conclusions that align with the objectives of the study.

## **RESULTS AND DISCUSSION**

### **Liquidation as Constitutional Protection for Creditors**

Liquidation as a legal obligation arises when a Limited Liability Company (PT) undergoes dissolution, as stipulated in Article 142 paragraph (1) letter (f), which states that the revocation of a company's business license necessitates liquidation in accordance with prevailing laws and regulations. This provision emphasizes that dissolution *must* be followed by liquidation, where the term "must" reflects a mandatory legal norm. It indicates that the existence of a legal entity cannot be terminated unilaterally without undergoing an asset settlement process.

From a constitutional perspective, the obligation of liquidation functions as a legal safeguard for creditors to ensure the fulfillment of their proprietary rights. This is reinforced by Article 142 paragraph (2) letter (b), which provides that the company may no longer undertake legal actions except those necessary for the settlement of its affairs within the liquidation process. This limitation demonstrates that the law prioritizes the settlement of the company's financial obligations, while restricting other legal acts to prevent asset transfers or dissipation that should otherwise be allocated to repay debts to third parties.

Furthermore, liquidation as constitutional protection embodies the safeguarding of creditors' property rights guaranteed by the state. If a company were allowed to dissolve without liquidation, it could result in unlawful control of remaining assets by shareholders, which legally still serve as collateral for creditors. The principle of *pari passu prorata parte*, meaning that a debtor's assets serve as proportional security for creditors, is central in this regard. Thus, the liquidator holds a mandate imbued with both moral and legal responsibility to act in the interests of the company and its creditors, ensuring that the remaining assets are distributed according to the statutory order of priority. Article 142 paragraph (2) further affirms that the legal entity status retained after dissolution is not intended to continue business activities, but rather to provide legal certainty for creditors as legitimate claimants. Without a transparent liquidation process, dissolution may become a tool for debt evasion, undermining the integrity of corporate law in Indonesia. Therefore, compliance with liquidation procedures is not merely administrative, but a fundamental requirement for the enforcement of legal protection for interested parties. This is further strengthened by Article 143 paragraph (1), which states that a company does not lose its legal entity status until the liquidation process is completed and the liquidator's accountability is accepted by the General Meeting of Shareholders or the court.

### **Liability and Sanctions of Corporate Organs and Liquidators for Negligence or Intentional Failure to Report Liquidation**

Legal certainty for creditors in the dissolution process is highly dependent on the liquidator's adherence to the principle of publicity. Article 147 of the Company Law stipulates that within a maximum period of 30 (thirty) days from the date of dissolution, the liquidator must notify all creditors through announcements in newspapers and the State Gazette of the Republic of Indonesia, and report the dissolution to the Minister for registration. This administrative procedure is imperative in nature. Such notification is not merely a formality but constitutes a mechanism to fulfill creditors' rights to submit claims within a limited period of 60 days from the announcement.

The juridical implications of failing to comply with this procedure are explicitly regulated in Article 148 of the Company Law, which serves as a form of repressive protection for third parties. Article 148 paragraph (1) provides that if notification to creditors and the Minister has not been carried out, the dissolution of the company shall not be legally effective against third parties. This provision ensures that, as long as the principle of publicity has not been fulfilled, the dissolution is deemed legally non-existent with respect to creditors, thereby preserving their legal standing as claimholders. Moreover, Article 148 paragraph (2) stipulates that if the liquidator fails to provide such notification, the liquidator shall be jointly and severally liable with the company for any losses suffered by third parties. This provision effectively shifts liability to the personal assets of the liquidator. The enforcement of this rule is crucial to prevent bad faith actions by corporate management attempting to eliminate debts through clandestine dissolution.

### **Indicators of Abuse of Legal Entity Justifying the Application of the Piercing the Corporate Veil Doctrine**

In the context of corporate dissolution, the law provides that dissolution does not automatically terminate the legal existence of the company but must be followed by liquidation. Liquidation involves the settlement of all corporate assets, including debt collection, repayment of obligations to creditors, and distribution of remaining assets to shareholders, as regulated under Articles 142 and 147–152 of the Company Law. Therefore, liquidation plays a crucial role in protecting creditors' interests.

However, in practice, deviations often occur, particularly in the form of dissolution without liquidation. Such circumstances open the possibility for applying the *piercing the corporate veil* doctrine, which allows courts to disregard the company's legal personality and impose personal liability on shareholders or directors. In Indonesian law, this principle is reflected in Article 3 paragraph (2) of the Company Law, which provides that limited liability does not apply where the company is misused, including in cases of bad faith, unlawful acts, or improper use of corporate assets.

Indicators of abuse of legal entity in dissolution without liquidation include several aspects. First, the failure to conduct liquidation as mandated by law constitutes a clear indication of an attempt to evade obligations to third parties. Second, the unlawful transfer or misuse of corporate assets prior to the settlement of liabilities reflects a violation of the principle of asset separation. Third, the presence of bad faith on the part of shareholders or directors such as dissolving the company without settling obligations or manipulating financial conditions serves as a strong basis for imposing personal liability.

Additionally, the failure to comply with corporate formalities, such as preparing annual reports or adhering to lawful dissolution procedures, indicates that the company is not being managed as an independent legal entity but merely used as a tool for specific interests. Ultimately, tangible losses suffered by creditors constitute the most concrete indicator. If creditors are deprived of the opportunity to file claims or receive repayment due to dissolution without liquidation, such circumstances clearly demonstrate abuse of the corporate form.

### **Regulation under the Company Law and the Role of the Piercing the Corporate Veil Doctrine in Creditor Protection**

Law Number 40 of 2007 concerning Limited Liability Companies fundamentally provides a clear legal framework regarding the obligation of liquidation in corporate dissolution. Normatively, these provisions aim to ensure legal certainty and balance the interests of the company and third parties, particularly creditors. Nevertheless, in practice, these regulations have not fully provided optimal protection for creditors, especially in cases of dissolution without liquidation. There remains a gap between legal norms and their implementation, as some companies are dissolved without proper procedures, resulting in a lack of transparent debt settlement.

One of the primary weaknesses lies in the enforcement aspect and the lack of stringent sanctions for violations of liquidation obligations. Existing provisions tend to lack deterrent effect, thereby allowing shareholders or directors to evade legal responsibility. Consequently, the principle of limited liability, which is intended as a form of protection, is often misused as a means to avoid obligations toward creditors. Furthermore, the Company Law predominantly focuses on formal and procedural aspects without explicitly regulating direct liability mechanisms for shareholders in cases of abuse of legal entity. In situations where companies are dissolved without liquidation and assets have been transferred, creditors often face significant difficulties in recovering their claims due to the absence of a clear legal subject with sufficient assets.

In such circumstances, the *piercing the corporate veil* doctrine functions as a corrective instrument to address the shortcomings of the Company Law. Through this doctrine, courts may disregard the principle of limited liability and impose personal liability on shareholders or directors proven to have abused the corporate entity. Thus, this doctrine not only serves as a mechanism for achieving justice but also as an effective legal protection tool for creditors, ensuring that their rights remain enforceable even when the company has been dissolved without undergoing liquidation.

### **CONCLUSION**

1. Liquidation constitutes a mandatory legal obligation as a form of constitutional protection of creditors' property rights. Pursuant to Articles 142 to 148 of the Company Law, the dissolution of a company without a transparent liquidation process and compliance with the principle of publicity renders such dissolution ineffective against third parties. The failure of the liquidator to provide proper notification not only undermines legal certainty but also nullifies the company's limited liability protection. Consequently, the liquidator shall bear personal liability, jointly and severally with the company, for all losses suffered by creditors.

# LEGAL PROTECTION OF CREDITORS IN THE DISSOLUTION OF LIMITED LIABILITY COMPANIES WITHOUT LIQUIDATION: AN ANALYSIS OF THE PIERCING THE CORPORATE VEIL DOCTRINE

Angelica Brigitta Michelle Rusli et al

2. The dissolution of a company without undergoing liquidation represents a serious deviation from prevailing legal provisions, particularly as it disregards the creditor protection mechanisms established under the Company Law. In such circumstances, the doctrine of *piercing the corporate veil* becomes relevant to prevent the misuse of the corporate legal entity as a means of evading liability. Although the Company Law does not explicitly enumerate indicators of abuse of legal entity in a single provision, such indicators may be derived through a systematic interpretation of various articles, particularly Article 3 paragraph (2), Article 97, and Articles 142 to 152. These indicators include the failure to conduct liquidation as required by law, the unlawful transfer or misuse of corporate assets, the existence of bad faith on the part of shareholders or directors, the commingling of corporate and personal assets, the failure to comply with corporate formalities, and the occurrence of losses to creditors. Where such indicators are present, the principle of limited liability can no longer be upheld, and shareholders as well as directors may be held personally liable. Thus, the application of the *piercing the corporate veil* doctrine serves as a corrective instrument to preserve the integrity of the corporate legal entity while ensuring equitable protection for third parties, particularly creditors.
3. The regulatory framework under Law Number 40 of 2007 concerning Limited Liability Companies has not yet fully ensured adequate protection for creditors in cases of dissolution without liquidation, due to existing weaknesses in sanctions and law enforcement. In this regard, the doctrine of *piercing the corporate veil* functions as a corrective mechanism that allows for the lifting of limited liability protection, thereby providing more effective legal protection for creditors.

## REFERENCES

- Darmawan, A. B. (2025). Batasan Perlindungan Hukum Perseroan Terbatas dalam Perspektif Piercing the Corporate Veil: (Analisis Putusan Pengadilan No. 47/Pdt. G/2021/PN. Mtr). *Jurnal Hukum Lex Generalis*, 6(4).
- Harahap, M. Yahya. (2016). *Hukum Perseroan Terbatas*. Jakarta: Sinar Grafika.
- Hasnidar, H. (2025). *Analisis Hukum Penerapan Doktrin Piercing The Coporste Veil Terhadap Anak Perusahaan Yang Pailit= Legal Analysis Of The Application Of The Doctrine Of Piercing The Corporate Veil To Bankrupt Subsidiary* (Doctoral dissertation, Universitas Hasanuddin).
- Paraanugrah, M. T. D. (2020). *Transplantasi Teori Reverse Piercing The Corporate Veil Dalam Perseroan Terbatas Di Indonesia*.
- Prasetya, Rudhi. (2014). *Perseroan Terbatas: Teori dan Praktik*. Jakarta: Sinar Grafika.
- Rahmi, A. (2024). *Kedudukan Dan Pertanggungjawaban Perdata Perseroan Terbatas Perorangan Sebagai Subjek Hukum= Position And Civil Liability Of Individual Limited Liability Companies As A Legal Subjects* (Doctoral dissertation, Universitas Hasanuddin).
- Rezeki, M. S. (2022). *Penerapan Doktrin Piercing The Corporate Veil Terhadap Organ Perseroan Terbatas Pada Kasus Pt. Bank Global Internasional Tbk (Studi Putusan Ma Nomor: 863/Pk/Pdt/2019)*.