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COMPARATIVE STUDY OF THE IMPLEMENTATION OF PIERCING THE CORPORATE VEIL DOCTRINE IN INDONESIA, UNITED STATES, AND UNITED KINGDOM

Ng Catharina Enggar Kusuma
NPM: 1651264

ABSTRACT

Today, the concept of piercing the corporate veil is commonly adopted in every modern law system with the only differences being the degree of acknowledgement and the different applications of such concept. As corporate law is developing rapidly, there are now a lot of large-scale business entities in Indonesia that do not operate in a single corporate form but in the form of corporate groups. The absence of piercing the corporate veil doctrine in the Indonesian company law shows that the subsidiaries of such corporate groups are considered a separate legal personality, hence it is probably almost impossible to hold the parent company liable for its subsidiaries' legal actions under any conditions. However, through the applications of the doctrine of piercing the veil by other countries such as United States and United Kingdom, it is important to regulate the implementation of the doctrine of piercing the corporate veil in Indonesia.

This normative research is done with comparative law method by looking at the implementation of piercing the corporate veil doctrine in Indonesia, United States, and United Kingdom. The purpose of this research is mainly to analyse the urgency for Indonesia to explicitly regulate the implementation of piercing the corporate veil. The data in this research will be collected through the study of documents such as Laws and Acts, journals, as well as books and will be analysed using qualitative data analysis method with deductive approach.

All in all, piercing the corporate veil doctrine is implemented in Indonesia, although there was not any normative legal basis of the doctrine itself, whereas in US and UK, the doctrine is implemented and further developed through precedents. In addition, even though the doctrine is inexplicitly regulated in the three countries, the US and UK have been using the doctrine in their judgements, which then created precedents that could be used as reference by proceeding cases whereas in Indonesia, the doctrine is implemented through the Indonesia Company Law. Therefore, since there is an evident relationship between a parent company and its subsidiary, whereby in certain cases the parent company can and should be held liable for the acts of its subsidiary, there should be a more explicit regulation regarding both corporate groups and piercing the corporate veil doctrine.

Keywords: company law, corporate, limited liability, piercing the corporate veil