

Update: Ministry of Law Strengthens Regulation of PT Social Enterprise

Recent developments in registration, governance expectations, and KBLI alignment for PT Social Enterprise

IN BRIEF

Since 4 December 2024, Indonesia’s Directorate General of General Legal Administration (“**Ditjen AHU**”), under the Ministry of Law, has allowed limited liability companies (“**PT**”) to formally register as a Social Enterprise on the AHU Online system, under Minister of Law Circular Letter No. M.HH-1.AH.01.01 of 2024 (the “**2024 Circular**”). Take-up has grown into the hundreds, and at a March 2026 Governance, Risk and Compliance workshop, Ditjen AHU stressed that formal registration alone is not enough: Social Enterprise companies are also expected to adopt credible governance practices, including beneficial ownership reporting, to earn the confidence of impact investors and international donors.

BACKGROUND & KEY REQUIREMENTS

The facility implements Presidential Regulation No. 2 of 2022, which defines a social enterprise as a business pursuing at least one Sustainable Development Goals (“**SDGs**”) target and reinvesting at least 51% of net profit toward that goal. It applies only to “capital association” PTs (ordinary, multi-shareholder companies), and not to foundations, cooperatives, CVs, or single-shareholder PTs. Registration is voluntary and self-declared; there is no deadline, and it may be filed on incorporation or by amendment.

- ◆ Add at least one SDG target to the purpose and objectives article (typically Article 3);
- ◆ Commit, in the profit allocation article (typically Article 18), to reinvest at least 51% of net profit toward that mission;
- ◆ File exclusively through a notary, ticking the declaration on AHU Online; companies cannot self-file this status.

These procedures now sit under Minister of Law Regulation No. 49 of 2025 (effective 17 December 2025), which also reinforces annual and beneficial ownership reporting for capital association PTs. Companies should also ensure that their business activities remain aligned with KBLI 2025 requirements. The status itself creates no new legal entity, and is simply a notation on AHU Online, viewable publicly on payment of the applicable Non-Tax State Revenue (*Penerimaan Negara Bukan Pajak* or “**PNBP**”) fee.

Standard PT vs. Social Enterprise PT: Key Differences

Aspect	Standard PT	Social Enterprise PT
Legal form	<i>PT under Law No. 40/2007</i>	<i>Same (no new legal entity type is created)</i>
Purpose & objectives article (typically Article 3)	<i>States the KBLI-based line of business</i>	<i>Same KBLI, plus at least one SDG target added as the social mission</i>
KBLI (Business Classification)	<i>Follows KBLI 2025 (BPS Reg. No. 7/2025); alignment was due by 18 June 2026</i>	<i>No special Social Enterprise KBLI; the SDG target is recorded separately from the KBLI code</i>
Profit allocation & dividend article (typically Article 18)	<i>Dividend policy set freely by the shareholders (Rapat Umum Pemegang Saham or “RUPS”)</i>	<i>Must include a clause committing to reinvest at least 51% of net profit into the SDG mission</i>

Aspect	Standard PT	Social Enterprise PT
Filing channel / amending the Articles	<i>Via notary to the Legal Entity Administration System (Sistem Administrasi Badan Hukum or “SABH”) under Minister of Law Reg. No. 49/2025</i>	<i>Via notary only; companies cannot self-file via AHU Online</i>
Governance, Risk, and Compliance (“GRC”) & beneficial ownership reporting obligations	<i>Mandatory for all capital association PTs under Reg. No. 49/2025</i>	<i>Same baseline obligation, with added emphasis from Ditjen AHU as a credibility factor for attracting impact investors</i>
Public company profile (AHU Online)	<i>No additional notation</i>	<i>“Social Enterprise” notation appears on the purpose & objectives field (publicly viewable, subject to PNP fee)</i>
Fiscal incentives	<i>Not applicable</i>	<i>None formalised yet; current benefits are non-fiscal (credibility, access to funding and partnerships)</i>

WHY CLIENTS CHOOSE THIS STATUS OVER A YAYASAN/NON-GOVERNMENTAL ORGANIZATION (“NGO”)

A *yayasan* or NGO/association is purely non-profit: it cannot issue shares and cannot distribute any surplus to founders or members. Clients may choose Social Enterprise status instead if they want to keep an ordinary commercial structure, retain shareholders and distributable profit, and remain able to raise equity from impact investors, while still carrying a formal social commitment. The status currently carries no dedicated tax incentive; its benefits are non-fiscal, including enhanced credibility among impact investors and/or donors.

RECOMMENDED NEXT STEPS

- ◆ Assess whether current profit-allocation policy can realistically meet the 51% reinvestment threshold before applying, such as threshold imposed by creditor or investor.
- ◆ Prepare the necessary SDGs-related purpose/objectives and profit/dividend amendments together with the KBLI 2025 update in a single deed.
- ◆ Put GRC and beneficial ownership reporting practices in place, given Ditjen AHU’s emphasis on credibility among impact investors and/or donors.
- ◆ Please be mindful that the status is declaratory and non-fiscal; the Business Identification Number (*Nomor Induk Berusaha* or “NIB”), sectoral licences, and other statutory obligations continue to apply as they would for any other PT.

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