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THE JURIDICAL REVIEW OF THE TRANSFORMATION OF SINGLE-OWNER CORPORATIONS INTO LIMITED LIABILITY PARTNERSHIPS: LEGAL IMPACTS AND BUSINESS PRACTICES

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Abstract

This study examines the transformation of single-owner corporations into limited liability partnerships within the context of Indonesian legal regulations, particularly following the implementation of the Job Creation Law and Ministry of Law and Human Rights Regulation No. 21 of 2021. The research aims to analyze the legal impacts and practical challenges encountered during the status change process. The research method used is normative, focusing on the analysis of legal documents and relevant regulations. The findings indicate that while the new regulations provide clearer legal foundations, various obstacles such as unclear technical guidelines and administrative barriers slow down the process. The conclusion highlights the need for regulatory improvements to facilitate more effective and efficient corporate status transitions.

Keywords: corporate transformation, legal implications, business practices

1. Introduction

The economy plays an important role in realizing the ultimate goal of the state, which is to provide welfare for society. In Indonesia, economic development plays a crucial role in improving the quality of life and achieving national prosperity. To support this goal, the government, as the highest authority, continues to seek various ways to improve economic performance, one of which is through regulatory changes. The state, through its legitimate government, can amend regulations and laws to create a conducive business climate, attract investment, and promote economic activities (Zhadira & Lukman, 2022, p. 17547). This approach is essential to ensure that Indonesia's economy continues to grow and adapt to global dynamics. A tangible example of the government's efforts to drive economic growth through regulatory reforms is the enactment of Law No. 6 of

2023 concerning the Ratification of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation. This law aims to simplify and integrate various regulatory frameworks, including those related to the establishment and operation of limited liability companies, which are the foundation of Indonesia's economy (Putri & Putra, 2022, p. 515).

Several previous studies have examined theimpact of regulatory changes on business development, particularly related to the establishment and transformation of business entities. For example, a study (Putra, 2020, p. 8) showed the positive impact of regulatory simplification on the growth of MSMEs. Meanwhile (Aji, 2022, p. 31) highlighted the challenges faced by single-owner corporations in Indonesia, particularly regarding legal uncertainties in the transformation into limited liability partnerships. However, existing literature often lacks a comprehensive discussion on the specific legal implications of the transition from single-owner corporations to limited liability partnerships, especially in the context of new regulations introduced by the Job Creation Law and its derivative regulations. The novelty of this research lies in its in-depth legal analysis of the transition process, highlighting both the regulatory framework and the practical challenges that arise.

The urgency of this research is driven by the increasing number of single-owner corporations seeking to transition into limited liability partnerships, encouraged by new legal opportunities brought by recent regulatory reforms. With government support for MSMEs through simplified business structures, there is an urgent need to understand the legal intricacies and potential challenges faced by these entities during structural transformation. This research is highly relevant given the increasing demands for legal compliance, corporate governance, and the role of notaries in validating the transition process. Furthermore, the legal community and policymakers need to address the gaps in existing regulations to ensure a smooth transition process that protects the rights of business owners and stakeholders.

This research focuses on the legal implications of changing the status of single-owner corporations to limited liability partnerships as regulated in Ministry of Law and Human Rights Regulation No. 21 of 2021. The main legal issues discussed include the adequacy and sufficiency of existing regulations, the role of notaries in the transition process, and challenges related to adjusting the company's articles of association, shareholder structure, and the legal standing of the transformed entity. Article 17 of the Ministry of Law and Human Rights Regulation No. 21 of 2021 is the main topic of this research because it regulates the procedure for changing the status of single-owner corporations to limited liability partnerships. Article 17 Paragraphs (2) and (3) stipulate that the status change must be based on a notarial deed and registered electronically. The requirement to use a notarial deed aims to provide formal legality and ensure that all changes occurring in the company's structure, such as amendments to the articles of association and the addition of shareholders, are recorded legitimately and can be legally accounted for. However, this provision also raises several issues, particularly related to the completeness of regulations guiding notaries and business actors regarding the correct procedures.

This study employs a normative legal research method, focusing on the analysis of relevant legal frameworks through the examination of regulatory documents, legal literature, and pertinent court decisions to provide a comprehensive understanding of the legal landscape governing the transformation of single-owner corporations. The research involves a doctrinal approach to assess the adequacy and effectiveness of existing laws and regulations. Data collection includes a detailed review of statutory provisions, legal commentaries, and official legal sources, aiming to critically evaluate the legal norms and principles that shape the corporate status transition process.

2. Regulatory Analysis of Article 17 Paragraph 3 of Permenkumham No. 21 of 2021

Article 17 Paragraph 3 of the Regulation of the Minister of Law and Human Rights (Permenkumham) No. 21 of 2021 concerning the Requirements and Procedures for the Registration of Establishment, Amendment, and Dissolution of Limited Liability Legal Entities regulates the process of changing the status of a single-owner corporation into

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a limited liability company with a structured capital system. This regulation was issued as a follow-up to the Job Creation Law aimed at facilitating business actors, especially Micro, Small, and Medium Enterprises (MSMEs), in establishing and managing their business entities more flexibly. This change allows single-owner corporations, which were initially established by one person without the need for a notarial deed, to evolve into limited liability companies with a larger and more complex capital structure.

Article 17 Paragraph 3 specifically states that the transformation from a single-owner corporation into a limited liability partnership must be supported by a notarial deed and registered electronically. This provision emphasizes the importance of involving a notary in the transformation process to ensure that the change in corporate status is conducted in compliance with applicable law and can be legally accounted for. This aligns with the role of notaries as public officials responsible for creating authentic deeds that carry high evidentiary power (Aisyah, 2021, p. 43)

Within the regulatory context, Article 17 Paragraph 3 is crucial as it fills the legal void related to the procedures for changing the status of single-owner corporations, which were not previously detailed in earlier laws. Before the implementation of this regulation, single-owner corporations and limited liability companies were governed by separate, often rigid regulations, posing administrative and legal challenges for business actors seeking to change their status (Sugianto et al., 2021, p. 448). The issuance of Permenkumham No. 21 of 2021 aims to make this transformation process more effective and efficient while providing legal certainty for business actors.

Furthermore, Article 17 Paragraph 3 also serves as a form of legal protection for new shareholders who will join the transformed corporation. By requiring the involvement of a notary and electronic registration, this regulation ensures that all changes, including amendments to the articles of association and share transfers, are legally documented and can be audited if necessary. This step is crucial to prevent potential disputes among shareholders that may arise from inconsistencies in the status change process.

However, the implementation of Article 17 Paragraph 3 also presents its own challenges, particularly in terms of socialization and the readiness of small business actors to understand and meet more complex legal requirements. Studies show that there is still a gap between existing regulations and business actors' understanding of the procedures for changing corporate status (Agustanti et al., 2024, p. 1828). It is important for the government not only to regulate but also to provide adequate guidance and socialization so that these regulations can be implemented optimally and truly support national economic development.

Overall, Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 is a step forward in simplifying legal procedures for business actors; however, its success heavily relies on effective implementation in the field. Consistent oversight and support from relevant authorities are essential to ensure that this regulation not only remains a written norm but also becomes a practical guide that benefits all business actors in Indonesia.

Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 stipulates that the change in status from a single-owner corporation to a limited liability company must be accompanied by a notarial deed and electronic registration. This rule aims to ensure that the status change is conducted in accordance with applicable legal standards and provides legal protection for the parties involved. The completeness of the provisions in this article includes several key aspects, such as the procedure for changes, documentation requirements, and the role of the notary as the authorized party to create authentic deeds. The regulation is considered sufficiently comprehensive as it covers the administrative and legal processes that must be followed by single-owner corporations seeking to change their status. However, there are some gaps that require further attention to ensure more effective implementation and prevent legal uncertainties.

First, this regulation explicitly emphasizes the importance of a notarial deed in changing corporate status, which provides legal validity and certainty for the changes made. This is crucial because notarial deeds have strong legal proof, which not only protects the owners of the corporation but also the new shareholders joining after the status change (Wahyuni et al., 2022, p. 53) However, the regulation does not fully cover more detailed provisions on what should be included in the notarial deed, such as specifics regarding amendments to the articles of association or share transfers. This is important because the lack of such details can lead to differences in interpretation in practice, potentially causing disputes between shareholders or third parties.

Second, although Article 17 Paragraph 3 includes electronic registration as part of the transformation procedure, it does not fully explain the technical mechanisms and detailed steps that business actors must take during the registration process. The lack of technical guidance can complicate the process for business actors, especially those unfamiliar with electronic registration procedures or who do not fully understand the required legal standards. Studies indicate that unclear technical guidance often becomes a barrier for small business actors in meeting regulatory requirements, which can hinder their business growth (Widya et al., 2019, p. 233) Therefore, additional guidelines or training modules are needed to help business actors better understand this process in more detail.

Third, while Article 17 Paragraph 3 already covers the basic requirements for status changes, it falls short in terms of legal protection for third parties who may be affected by the status change. For example, in cases involving debt or financial obligations, there are no clear provisions on how these debts are managed or transferred. This could trigger legal issues in the future, especially if disputes arise between creditors and corporation owners (Permatasari & Hanim, 2017, p. 402). Additionally, the regulation does not specifically address the impact of status changes on existing contracts, which could be a critical point in the transformation process.

Overall, although Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 provides a fairly adequate framework for changing the status of single-owner corporations to limited liability companies, there are still several aspects that need to be supplemented. The government should consider adding more detailed implementing regulations to address existing legal gaps. This aims to ensure that the regulation serves not only as a normative guide but can also be effectively applied in practice without creating legal uncertainties for business actors and related parties.

Evaluation of Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 shows that although this regulation provides a legal basis for changing the status of single-owner corporations to limited liability companies, several aspects need improvement to more effectively support the status change process. The regulation attempts to provide a more structured mechanism by requiring the use of notarial deeds and electronic registration. The involvement of notaries ensures the legal validity of the transformation process, while electronic registration is designed to expedite and simplify administrative processes. However, some gaps in this regulation need further attention to fully support business actors in changing their corporate status.

One of the main shortcomings of this regulation is the lack of comprehensive guidance on the technical steps that business actors must follow. This lack of clarity can make it difficult for single-owner corporation owners without legal backgrounds to understand the procedures they need to follow. Although the use of notaries can help, additional costs and the need to understand electronic registration requirements often become obstacles, especially for small business actors. A study shows that many business actors are confused by the requirements and procedures for electronic registration, which are often not accompanied by clear guidance and adequate technical support from authorities (Jumantoro, 2024, p. 12). This indicates that current regulations still lack technical support and socialization for business actors.

Moreover, although a notarial deed is required in the status change process, the regulation does not provide specific provisions on the content of the deed, such as necessary amendments to the articles of association. For example, when a single-owner corporation changes into a limited liability company, amendments to the articles of association related to capital structure, rights and obligations of new shareholders, and reorganization of company organs are crucial to be detailed in the deed. The lack of such regulations can lead to conflicts between shareholders in the future, as there are no clear guidelines on how the new rights and obligations should be managed.

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In many cases, improper amendments to the articles of association can result in legal uncertainty and potentially trigger legal disputes between the parties involved.

The regulation also falls short in providing legal protection for third parties, such as creditors or business partners, who may be impacted by the corporate status change. There are no clear provisions on how the legal status of existing contracts and financial obligations should be managed when a status change occurs. In practice, this could pose significant risks, particularly if the new corporation fails to acknowledge obligations incurred by the previous corporation. Without clear legal protection for third parties, the status change process could become a loophole exploited to avoid financial or legal responsibilities from previous obligations.

Overall, while Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 provides an important legal foundation, the regulation still needs improvements to truly support the process of changing single-owner corporations into limited liability companies. Refinements are needed, especially in the areas of technical guidance, third-party protection, and details regarding notarial deed requirements. These steps will ensure that the status change process is not only administratively simple but also legally sound and capable of protecting all involved parties.

The uncertainty caused by the lack of technical guidance in Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 not only complicates the business actors but also poses legal risks for the parties involved. Without clear rules and detailed procedures, the process of changing corporate status could become inconsistent and difficult to legally justify. This can lead to different interpretations by business actors, notaries, and relevant authorities, ultimately creating significant legal uncertainty (Sani, 2020, p. 83). This procedural ambiguity can result in delays in the status change process, negatively affecting business operations and stakeholder confidence.

The importance of legal certainty in this regulation is also closely related to protecting the rights of third parties, such as creditors or business partners. Without clear guidance, third parties may lack certainty on how their rights and obligations will be protected following the change in corporate status. This could trigger legal disputes that harm all parties and disrupt business stability. To ensure that the goal of legal certainty is achieved, the government needs to improve this regulation by drafting more detailed and specific implementation guidelines. These guidelines should include clearer procedures for electronic registration, required notarial deed contents, and the steps that all parties involved in the corporate status change must follow.

This approach will not only reduce uncertainty but also increase business actors' confidence in the existing legal system, thereby supporting the creation of a more stable and conducive business environment (Lu & Wang, 2021, p. 101264). Regulatory refinement is essential to ensure that legal certainty can be practically implemented in every corporate status change process.

Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 regulates the main aspects related to changing the status of single-owner corporations into limited liability companies with a more complex capital structure. One important aspect regulated is the requirement to make this status change through a notarial deed. Involving a notary is a required step to ensure that the change process is carried out in compliance with the applicable legal rules, thereby providing certainty and legal protection for all parties involved. This notarial deed serves as an authentic document with high evidentiary power, which can be used as a legal basis in any business transaction and changes occurring in the corporation.

This article also regulates that status changes must be registered electronically through a system established by the government. Electronic registration aims to simplify administrative processes, speed up completion times, and provide transparency in the status change of the corporation. The electronic registration system is designed to record all changes occurring in the corporation, including amendments to the articles of association, changes in share ownership structure, and other relevant adjustments. This ensures that all changes made are officially recorded and can be verified by authorities, minimizing potential conflicts that could arise from undocumented changes.

Article 17 Paragraph 3 also includes provisions regarding the necessary adjustments to the corporation's articles of association during the status change process. These adjustments are crucial because changing the status from a single-owner corporation to a limited liability company involves changes in the capital structure, number of shareholders, and rights and obligations of each party. Thus, Article 17 Paragraph 3 aims to provide a clear legal framework to support the status change process, although its implementation still requires more detailed technical guidance to make it easier to understand and apply by business actors.

The implementation of Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 in the field faces several significant obstacles that hinder the smooth process of changing the status of single-owner corporations to limited liability companies. One of the main challenges is the lack of understanding among business actors about the procedures that must be followed, especially for small businesses unfamiliar with legal formalities and digital technology. The lack of technical guidance and insufficient socialization from the government on how to conduct electronic registration causes many business actors to feel confused and reluctant to undergo the status change process. This situation is exacerbated by limited access to notaries in certain areas, making the process of creating authentic deeds a significant challenge, particularly in regions far from city centers or remote areas (Ariansyah et al., 2021, p. 102219)

In addition, administrative obstacles such as slow bureaucracy and uneven digital infrastructure also become hurdles in implementing this regulation. The electronic registration system, which is supposed to simplify the process, often faces technical disruptions, such as system errors, difficulty accessing, or slow processing of registrations. These issues lead to delays in the issuance of required documents, thereby hindering the overall status change process. The lack of stable internet access in several regions of Indonesia is also a major hindering factor, making it difficult for business actors to optimally access the electronic registration platform (Da Silva et al., 2020, p. 326)

The absence of detailed technical guidelines regarding the creation of notarial deeds and procedures for amending the articles of association adds to the complexity of the situation. Notaries often have to interpret the requirements that are not explicitly regulated, which can result in inconsistencies in the practice and standards of deed creation. This creates a risk of inconsistency in the application of the law, which can affect the legal validity of the status changes made.

An illustrative case of the challenges in implementing Article 17 Paragraph 3 is the case of PT XYZ, a micro-enterprise that initially operated as a single-owner corporation in Semarang. When the business owner decided to change the business status to a limited liability company in hopes of attracting new investors and increasing capital, he faced various obstacles. The status change process, which should have been completed in a short time, was delayed for months due to technical issues with the electronic registration system. The registration website often experienced disruptions that caused repeated registration failures without clear instructions regarding the errors. This situation caused the business owner to experience confusion and frustration, and he had to incur additional costs for consulting IT and legal experts to resolve the issues.

Furthermore, in the creation of the notarial deed, the appointed notary faced difficulties in determining the details of the amendments to the articles of association that suited the needs of the new company because the regulations did not provide clear guidelines. The notary had to seek references from various sources and make their interpretations, leading to differences of opinion between the notary and the business owner regarding the changes that should be included in the deed. This situation not only slowed down the process but also increased the risk of legal disputes arising in the future, especially if a party felt disadvantaged due to changes that were not properly regulated. The challenge of accessing notaries in remote areas, where small businesses often have to travel long distances to handle the creation of authentic deeds, also adds to the financial burden. The additional costs for transportation and accommodation make this process a significant financial burden for small business actors, ultimately causing them to hesitate to proceed with the status change process.

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3. Impact of Regulation on the Process of Status Change of Corporations and the Role of Notaries

Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 has a significant direct impact on the process of changing the status of single-owner corporations to limited liability companies. This regulation aims to provide legal certainty through the involvement of notaries in the creation of authentic deeds and the implementation of an electronic registration system. The primary impact of this regulation is the increased formality in the status change process, which on the one hand strengthens the legal validity of the change, but on the other hand, adds administrative complexity that business actors must go through. The requirement to use a notarial deed ensures that all changes that occur are well documented and have strong legal force. This helps reduce the risk of disputes among shareholders in the future, as all changes to the capital structure and the rights and obligations of new shareholders must be documented in a legally valid deed.

This regulation also results in increased costs and time required to complete the status change. The process of creating a notarial deed not only requires costs but also necessitates that business actors understand more complex legal requirements, which can be a particular challenge for micro and small businesses that often have limited resources. Additionally, the requirement to perform electronic registration, although aimed at expediting administrative processes, often encounters technical difficulties in practice, such as system disruptions or a lack of clear information on registration procedures (Contractor et al., 2020, p. 101640). Disruptions in the electronic registration system can cause delays that disrupt the smoothness of the status change process and even affect day-to-day business operations.

Furthermore, the impact of this regulation on business actors can also be seen from the increased need for legal assistance, both from notaries and other legal consultants. Although the involvement of notaries aims to provide legal guarantees, business actors often require additional explanations to understand the implications of the status change on the company's structure and their new legal obligations. For example, changing the status from a single-owner corporation to a limited liability company alters corporate governance, shareholders' voting rights, and reporting obligations, as well as stricter legal compliance compared to before (Rosenbloom et al., 2021, p. 660). Although this regulation provides a more formal legal structure, its impact in the field is the increased need for education and guidance for business actors to ensure compliance with all applicable provisions.

Another important impact is the increased legal protection for third parties, such as creditors and business partners, because all changes made are officially recorded through notarial deeds and electronic registration. With clear records accessible to authorities, the risk of disputes related to changes in corporate status can be minimized. This regulation helps create transparency in changes to the capital structure and share ownership, which is a crucial basis for third parties to assess the legal and financial condition of the corporation in question. However, while this regulation enhances legal protection, without adequate technical guidance and effective socialization, implementation in the field still faces various challenges that need to be addressed to maximize the benefits of this regulation.

Overall, Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 has a positive impact by increasing legal certainty and protection for business actors and third parties, but also poses challenges in the form of additional costs, time, and complexity in the status change process. To maximize the positive impact and reduce obstacles, improvements are needed in terms of technical, administrative, and educational aspects for business actors so that the goals of this regulation can be achieved more effectively and efficiently.

Notaries play an important role in the change of status from a single-owner corporation to a limited liability company as regulated in Article 17 Paragraph 3 of Permenkumham No. 21 of 2021. The main role of the notary in this process is to ensure that the status change is carried out in accordance with applicable law through the creation of an authentic deed that serves as the legal basis for the change. The notarial deed provides legality for amendments to the articles of association, capital structure, shareholders' rights and obligations, as well as the new corporate governance. This function not only provides legal certainty for the company but also protects the rights of shareholders and third parties involved, such as creditors and business partners (Kara et al., 2021, p. 101833). The involvement of notaries in this process ensures that every change that occurs has a strong legal basis, thereby reducing the risk of future disputes.

Despite the vital role of notaries, there are several problems that often arise in practice, which can hinder the status change process. One of the main issues is the difference in interpretation regarding the requirements that must be included in the notarial deed. The absence of detailed technical guidance in the regulation often forces notaries to make their interpretations regarding the content of the deed, such as amendments to the articles of association and the management of share ownership. This can lead to inconsistencies in implementation in the field, where different notaries may create deeds with varying standards. Such inconsistencies can lead to legal problems in the future, especially if there are discrepancies between the deed created and the company's ongoing practices.

Notaries also often face administrative challenges, such as the lengthy process of document verification and data validation. In the change of corporate status, notaries must ensure that all required documents, such as shareholder approvals and the latest financial statements, are complete and meet legal requirements. However, in practice, this process is often hindered by incomplete documents submitted by the company owner, which slows down the deed creation process (Gunther Teubner, 2022, p. 48). The inability of business owners to provide complete and accurate documents not only delays the status change process but also risks rendering the deed legally flawed.

Another problem faced by notaries is the challenge of adapting to the electronic registration system, which is part of the status change procedure. Although electronic registration is intended to speed up and simplify the process, the system often experiences technical disruptions or is difficult to access. Notaries unfamiliar with digital technology may struggle to operate this system, leading to data input errors or delays in the registration of changes (Trinugroho et al., 2021, p. 105598). These obstacles indicate that in addition to their traditional role in deed creation, notaries also need to improve their digital literacy to adapt to technological developments in legal administration.

In addition to technical and administrative hurdles, notaries also face significant legal liability risks. If there is an error in the creation of a deed or if the deed made does not comply with legal provisions, the notary can be legally sued by the aggrieved parties. Errors in creating authentic deeds can have serious consequences, including the annulment of the deed, claims for compensation, or even the revocation of the notary's practice license. Therefore, notaries must perform their duties carefully and ensure that all legal procedures are followed correctly to avoid detrimental legal consequences.

The role of notaries in the status change of corporations is crucial but fraught with challenges that require attention and caution. To support this role, clearer regulations and comprehensive technical guidance are needed so that notaries can carry out their duties more effectively and consistently and are able to face existing administrative and legal challenges.

The regulation of Article 17 Paragraph 3 of Permenkumham No. 21 of 2021 plays a significant role in restructuring the process of changing the status of single-owner corporations to limited liability companies by providing a strong legal basis through notarial deeds and electronic registration. This regulation aims to enhance legal certainty, ensure transparency in status changes, and protect the rights of shareholders and third parties involved. By involving notaries, this regulation ensures that status changes are well documented and legally valid, ultimately preventing future legal disputes and providing assurance that the changes are carried out in accordance with the applicable provisions.

However, this regulation also introduces several challenges that affect the smoothness of the status change process. One negative impact felt by business actors is the increased costs and time required due to the obligation to use notary services and conduct electronic registration. Additionally, the lack of technical guidance and technical problems with the registration system often add to the complexity of the process, which can be a hindrance, especially for small businesses with limited access and resources. These obstacles cause the regulation, which should facilitate the status change process, to instead add administrative burdens for business actors.

Although this regulation has succeeded in enhancing the legality and structure of the status change process, its implementation in the field still requires improvement. Enhancements that can be made include the development of more comprehensive technical guidance, improvement of notary services, and the enhancement of the electronic registration system to be more reliable and user-friendly. With these steps, it is hoped that the regulation can function optimally in supporting the process of corporate status changes efficiently and fairly, in line with its original objectives.

4. Conclusions

Permenkumham No. 21 of 2021 plays a crucial role in the process of changing the status of single-owner corporations to limited liability companies by mandating the involvement of notaries and electronic registration as mandatory steps. This regulation strengthens legal certainty, transparency, and protection for shareholders and third parties involved in the status change. The presence of a notarial deed makes the status change more structured and legally documented, thereby reducing potential conflicts in the future.

However, the implementation of this regulation in the field still faces various obstacles that hinder the smooth process of change. The main challenges encountered include high costs and time due to the requirement of creating a notarial deed, unclear technical guidance, and frequent disruptions in the electronic registration system. These obstacles not only slow down the process but also add administrative burdens for business actors, especially small and medium enterprises with limited resources.

Overall, although this regulation has successfully provided a strong legal foundation for the status change of corporations, improvements are needed to address shortcomings in its implementation. More detailed technical guidelines, enhanced notary services, and improvements to a more reliable and accessible electronic registration system are essential. These steps will ensure that the regulation can function as intended—to facilitate and expedite the process of corporate status changes and provide the legal certainty expected by all parties involved.

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