ABSTRACT

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THE IMPLEMENTATION OF PIERCING THE CORPORATE VEIL DOCTRINE AGAINST DIRECTOR IN BREACH OF FIDUCIARY DUTY CASE

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Indonesia limited liability company was regulated under Law No.40 of 2007 concerning Limited Liability Companies. Although piercing the corporate veil and fiduciary duty term does not exist in Law No.40 of 2007, but the principal of the term are contained in some article of Law No.40 of 2007. The basic principle of limited liability company is to have separate assets between shareholders and the company. Limited liability is an artificial person, which means they need company organs to run the company. According to Law No.40 of 2007, board of director have a full authority and responsibility for the management which means, director in certain limitation must take personal responsibility from adverse business decisions. It will be unfair if the company should be responsible from director actions, but on the other hand every business decision has its own risk and no one can guarantee the profit. Fiduciary duty principle was establish in common law country, but it also growing little by little in Indonesia. Fiduciary duty principle contains duty of care, duty of skills, duty of loyalty and duties to act lawfully. The breach of fiduciary duty by director is sometimes followed by torts claim. If director is declared breach of fiduciary duty by court and harm the companies, the piercing of corporate veil will imply and director needs to take personal responsibility. This thesis will analyzing implementation of piercing corporate veil doctrine and fiduciary duty principle from Indonesia law and analyzing some precedent in Indonesia regarding implementation piercing of corporate veil doctrine in breach of fiduciary case by director.

References: 24 (1987 – 2014)