

ABSTRACT

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“COMPARATIVE STUDY ON PIERCING THE CORPORATE VEIL DOCTRINE UNDER INDONESIAN, ENGLISH, AND AMERICAN COMPANY LAW CONCERNING THE EXPANSION OF LIABILITY OF THE PARENT COMPANY AGAINST ITS SUBSIDIARY”

(x+85 pages)

This thesis evaluated the doctrine of piercing the corporate veil under Art. 3(2) of the Law Number 40 Year 2007 regarding Limited Liability Company, particularly on the expansion of liability of the parent company against its subsidiary. The research shows several issues existed in Art. 3(2)(b) and (d) of the Law Number 40 Year 2007 regarding Limited Liability, i.e. no uniform interpretation on the element of “directly or indirectly with bad faith” and no indicator for the term “utilization” and “use.” This thesis also highlights that those issues hinder the application of piercing the corporate veil against parent company and its subsidiary, which could be seen in the case of PT Great River International. By undertaking a comparative study of the piercing corporate veil doctrine in Indonesia, the United Kingdom, and the United States, this thesis aims to provide a recommendation on the terms of application of the doctrine stipulated in the Elucidation of Art. 3(2) of the Law Number 40 Year 2007 regarding Limited Liability. This thesis uses normative juridical research method, in which based on the results of the comparative study conducted, the Author recommends that the United States’ instrumentality theory of the Powell rule has to be considered and adopted into Indonesia company law regime, particularly to provide an adequate analytical framework and proof mechanism that could guide the Indonesian courts in deciding corporate veil cases against parent company and its subsidiaries.

References: 87 (1879-2014)

Key words: Parent Company, Piercing the Corporate Veil, Subsidiary Company