

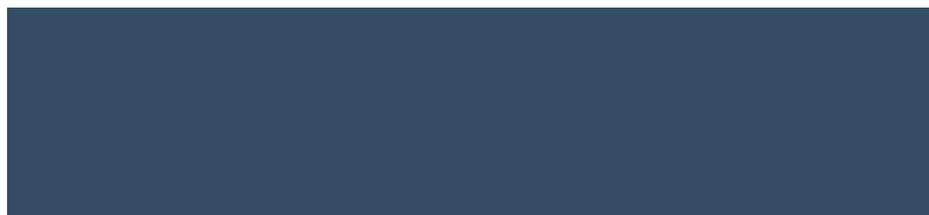
Article



Preserving Wealth: A Practical Legal Approach to Private Wealth in Indonesia



five minutes read



INTRODUCTION

For High-Net-Worth Individuals (*individu dengan kekayaan tinggi* or “**HNWI**”) and family-based enterprises, wealth is rarely limited to liquid assets. It is often embedded in operating companies, holding structures, land and buildings, strategic investments, and intergenerational businesses that have been built over decades.

Yet, the very diversity and scale of these assets also create vulnerability. Without careful legal structuring, private wealth can gradually erode, not due to market forces, but due to fragmented ownership, inheritance disputes, regulatory non-compliance, or inadequate documentation.

Private wealth management, from a legal perspective, is therefore not merely about protection. It is about continuity, control, and orderly transfer of value across generations.



UNDERSTANDING PRIVATE WEALTH AS A LEGAL ECOSYSTEM

Private wealth is best viewed not as a collection of assets, but as an interconnected legal ecosystem. A single family may simultaneously hold:

- majority and minority shares in operating companies and holding companies;
- family-owned enterprises spanning multiple sectors;
- land and buildings subject to the Indonesian Agrarian Law;
- personal assets intertwined with corporate interests; and
- cross-generational ownership involving spouses, children, and extended family.



Each category is governed by different legal regimes, including but not limited to:

- Law No. 40 of 2007 on Limited Liability Companies (or “Company Law”);
- Indonesian Civil Code (Kitab Undang-undang Hukum Perdata or “ICC”);
- Law No. 5 of 1960 on Basic Agrarian Law (Undang-undang Pokok Agraria or “Agrarian Law”); and/or
- any other law, regulation, or principles, such as Family Law, Inheritance Law, and Contractual Principles.

Without an integrated approach, decisions made in one area, such as inheritance or marriage, can unintentionally destabilize corporate ownership or asset control elsewhere.

STRUCTURING FAMILY COMPANIES

Family companies are often the backbone of private wealth. The key legal challenge is ensuring that control and value remain within the intended family circle.

This can be achieved through:

- holding company structures to centralize ownership;
- clear allocation between management control and economic rights;
- restrictions on share transfers in the Articles of Association; and
- shareholders' agreements regulation succession and exit.

Under the Company Law, these arrangements help prevent excessive dilution of ownership and maintain long-term stability for the family business.

In certain cases, beneficial ownership arrangements may also be structured to preserve economic interests while maintaining centralized legal control, subject to applicable regulations.



LAND AND REAL ESTATE ASSETS

Land and buildings often represent both financial value and family legacy. However, land ownership in Indonesia is strictly regulated under the Agrarian Law.

Without proper planning, land assets may become:

- difficult to divide among heirs;
- administratively complicated during inheritance; and
- misaligned with corporate or family arrangements.

Legal structuring ensures that land ownership, inheritance planning, and corporate structures are aligned, avoiding future disputes and administrative burdens.

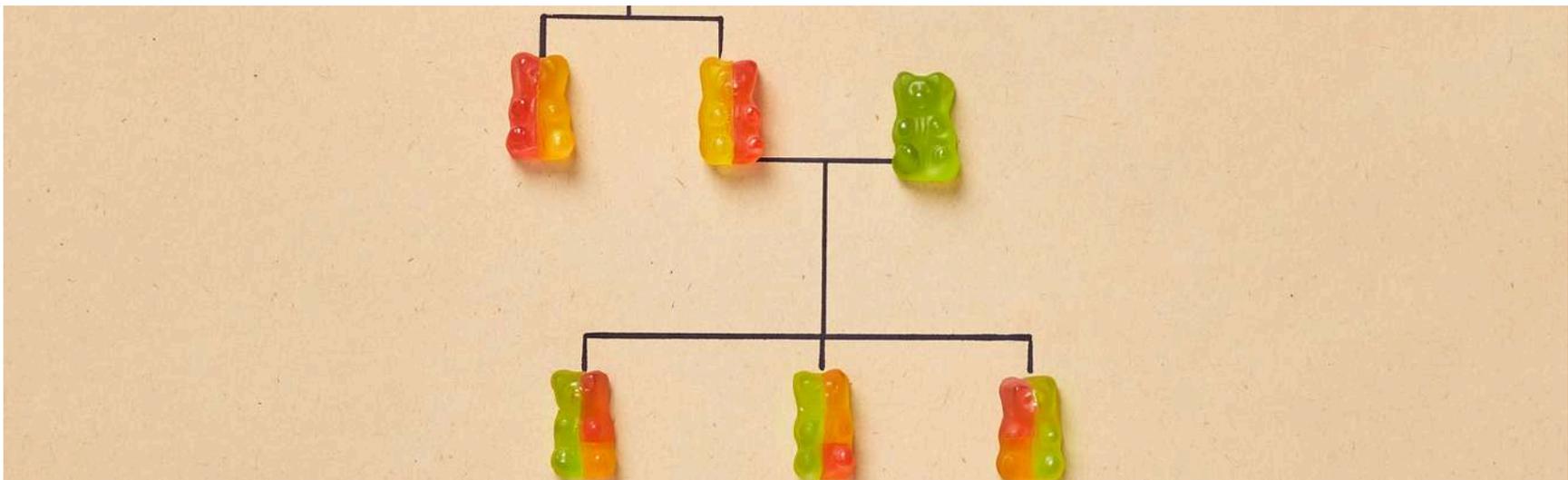
INHERITANCE PLANNING: AVOIDING FUTURE DISPUTES

Inheritance is one of the most sensitive aspects of private wealth. Under the ICC, inheritance may occur by law or through a will (testament). However, relying solely on statutory inheritance often leads to outcomes that do not reflect the family's actual intentions.

Proper inheritance planning may include:

- carefully drafted wills aligned with asset types;
- coordination between inheritance documents and corporate ownership; and
- clear separation between ownership and control.

The objective is simple, “clarity today to prevent disputes tomorrow”.



MARRIAGE ARRANGEMENTS AND WEALTH PROTECTION

Marriage has direct legal consequences on asset ownership. Without a prenuptial agreement (perjanjian pranikah) or postnuptial agreement (perjanjian pascanikah), assets may be considered joint marital property, potentially affecting family businesses and inherited wealth.

For families with significant assets, these agreements help:

- protect family-owned companies and assets;
- preserve inheritance planning; and
- provide legal certainty for future generations.

These instruments are preventive, not confrontational, they are part of responsible wealth management.



THE IMPORTANCE OF DOCUMENTATION

Private wealth planning ultimately relies on clear and consistent documentation. This may include:

- corporate documents and amendments;
- shareholders' agreements;
- wills and marriage agreements; and
- asset ownership records.

Well-prepared documentation ensures that legal intentions are enforceable and aligned across all assets.





HOW PRS CAN ASSIST

Private wealth matters require discretion, structure, and long-term perspective. PRS assists families and individuals through:

- integrated structuring of corporate and personal assets;
- alignment between company law, civil law, and agrarian law;
- thoughtful documentation designed for continuity;
- structuring strategies aimed at achieving tax efficiency and minimizing unnecessary tax exposure in compliance with applicable laws and regulations; and
- practical legal solutions tailored to each family's objectives.

Our focus is not visibility, but endurance.

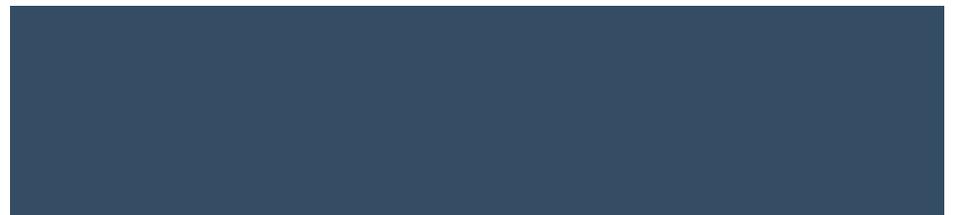




CONCLUSION

Wealth that is carefully structured is more likely to survive generations.

Through proper legal planning, families can preserve not only assets, but also control, harmony, and legacy, ensuring that what has been built over time continues to hold value for the future.



About Us

Pasaka Rievan Smith - Counsellors at Law (“**PRS**”) is comprised of a team of dedicated and trusted lawyers with over 20 years of experience in the legal industry, spanning law firms, multinational corporations, and government institutions. We provide prompt, precise legal counsel and opinions, offering both legal and commercial perspectives to support corporate clients. Confident in our ability to meet the diverse needs of our clients, PRS enables them to focus on achieving their business objectives. With experience in assisting start-ups, growing enterprises, established organizations, and family-owned businesses, we are committed to delivering both personal and professional attention, ensuring the utmost satisfaction for our clients.

This Article Prepared by:



ISHAK RICARDO PASAKA
Managing Partner
pasaka@pasakarievansmith.com



ONMA EZRA SIAGIAN
Associate
aprilo@pasakarievansmith.com

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