

# Juridical analysis of land rights release with ownership certificates purchased by limited liability companies from land law perspective

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## Abstract

**Purpose:** This study aims to analyze the legal framework for the release of Freehold Title (SHM) land purchased by Limited Liability Companies (PT) in Batam. It focuses on the regulatory basis, implementation practices, and the challenges and solutions in the conversion process to Right to Build (HGB).

**Methodology:** The research employs a descriptive sociological-juridical method combined with a normative legal approach to examine secondary data, and an empirical approach to gather primary data through field research. The analysis integrates statutory interpretation and practical observations from stakeholders.

**Results:** Findings reveal that SHM land purchased by a PT must first be released and transferred to the state before being converted to HGB. The process involves drafting a deed of release before a notary, fulfilling BP Batam's regulatory requirements, and submitting an HGB application to BPN under Minister of ATR/BPN Regulation No. 5 of 2025.

**Conclusion:** The legal certainty of land release in Batam depends on technical regulations, institutional coordination, and digital integration. While the current system provides a mechanism, procedural and administrative delays persist.

**Limitations:** The study is limited to the Batam context and relies on selected field data. Broader generalization may require comparative studies across other special economic zones in Indonesia.

**Contribution:** This research contributes to the discourse on land law reform in Indonesia by offering practical legal solutions, including the need for technical regulations on release deeds, improved inter-agency coordination, and digital land information systems to ensure efficiency and certainty in land rights conversion.

**Keywords:** *Deed of Release of Rights, Freehold Title, Release of Rights, Right to Build*

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## 1. Introduction

Land is a gift from God Almighty and a natural resource of strategic importance to the nation, state, and society. Its importance makes land a valuable asset in various aspects of life. For the people of Indonesia, land holds social, economic, and cultural significance (Marta, Suwaryo, Sulaeman, & Agustino, 2019). Economically, land is a key factor in production activities, and its value can increase through agriculture and plantation. Additionally, land can generate income for its owners through transactions such as buying and selling, business participation, and exchange mechanisms. Land rights can also serve as collateral in financial transactions and can be passed down to future generations (Jericho & Agustini, 2022). Socially, land plays an essential role in building social interactions and sustaining societies. Culturally, land serves as a medium

for cross-generational societies to create, develop, and express artistic values, traditions, and cultural identities.

Indonesia, with its vast territory and large population, faces challenges in meeting its national development requirements. To support this growth, various sectors, including infrastructure development, are being developed in the country. An essential aspect of infrastructure development is the ease of access to land rights services and permits (Roustantia, Cantika, Kurniati, & Amaliah, 2024). Land rights are powers granted to individuals, groups, or legal entities to control, use, and utilize specific land in accordance with applicable regulations. Simplifying land permit procedures and services is crucial for accelerating sustainable national development (Widyatama, 2024). The constitutional basis for land regulation is Article 33 (3) of the 1945 Constitution of the Republic of Indonesia (UUD NRI 1945), which states that land, water, and natural resources within the earth are controlled by the state and utilized for the greatest welfare of the people (Suparto, 2020).

The demand for land to meet the needs of private companies increases every year. However, meeting development needs often faces constraints due to limited land availability. This situation can lead to various land-related issues, such as competition for land, significant land price surges, and disputes over land acquisition (Wahanisa, Hidayat, Riyanto, & Anggono, 2020). Land acquisition for private interests, such as corporations, is fundamentally different from acquiring land for public purposes in terms of its goals, benefits, and procedures. This difference arises because the party requiring the land does not have the same rights as the land intended for development does. The primary goal of private land acquisition is profit-oriented (Rahmawati, Samsura, & Krabben, 2025). Therefore, the impact of utilizing this land tends to be limited to certain parties rather than the broader community (Partha & Aidi, 2024).

The land required for development can be obtained from state-or privately owned land (land rights). However, the limited availability of state land and environmental compatibility constraints often pose significant obstacles. Therefore, most of the land required for development is sourced from private land. The process of acquiring land follows the applicable Land Law provisions, such as buying, exchanging, or donating. Donation is a method of acquiring land freely, and it cannot be reversed. Thus, private land acquisitions, aimed at profit, generally rely on transactions with individual landowners, unlike land acquisitions for public use, which can utilize state land (Ayyub, Armin, & Bekka, 2022). Acquiring land for business purposes is crucial for companies' operations. However, in practice, land acquisition faces several challenges. Under the applicable provisions, companies can own land with Building Use Rights (HGB), allowing them to utilize the land for a specific period, according to regulations.

In the land acquisition process, companies must consider various factors, including legal certainty, the suitability of land use with regional spatial planning, and environmental considerations. Common challenges include the limited availability of appropriately categorized land, land ownership disputes, and the complexity of administrative procedures before land can be legally used for solar energy development. Therefore, careful planning and adherence to land regulations are key to ensuring smooth land acquisition (Yasim, Pratiwi, Nuraliah, & Mausili, 2025). A limited liability company wishing to purchase land with Ownership Rights must follow the applicable legal procedures. In this process, the parties, that is, the landowner and the company's representatives, approach the relevant authorities to ensure that the transaction complies with the land regulations (Napitupulu & Sarono, 2022). Because a company cannot directly own land with Ownership Rights, the landowner must first relinquish their land rights. This relinquishment is documented in a Deed of Relinquishment made by a notary as legal proof that the landowner has relinquished their rights. Subsequently, the Deed of Relinquishment is submitted to the National Land Agency (BPN) to process the change in land status (Aisyah & Rahayu, 2025).

Therefore, the author feels the need to further explore the mechanism of land ownership bought by a Limited Liability Company with Ownership Certificate status and how the procedure for relinquishing rights can ensure legal protection for the company as the new owner. This is the aim of this research, titled "Legal Analysis of the Relinquishment of Ownership Rights on Land Bought by a Limited Liability Company with Ownership Certificates from the Perspective of Land Law (A Case Study at the Notary and PPAT Office ANLY CENGGANA, S.H in Batam)".

## 2. Literature Review

### 2.1. *Land Rights in Indonesia*

The relationship between humans and land is very close, as land is where humans live and carry out their lives. Land plays a crucial role in the life and welfare of a nation, particularly in countries dominated by the agricultural sector (Mulyaputri, 2025). In a country that upholds social justice and democracy, land use is directed towards maximizing public welfare. The concept of land in land law refers to the official juridical definition set out in Article 4 of the Basic Agrarian Law (UUPA). This article explains that state control includes various types of land rights. Land as an asset with significant economic value in Indonesia. Land is crucial in people's lives and can also cause social tensions, disrupt peace, and act as a barrier to development.

Land is highly valuable, and individuals are obliged to preserve it as a valuable asset. In addition to supporting development, land can be a source of conflict. Therefore, its use must be regulated and controlled to prevent societal problems. According to the Basic Agrarian Law, land in Indonesia is not the property of the Republic of Indonesia but belongs to all Indonesians (Suartining & Djaja, 2023). This aligns with Article 1(2) of the UUPA, which states that the earth, water, and air, including all natural resources, are gifts from God to the Indonesian people and part of the national wealth. Based on state control, various land rights can be granted to and owned by individuals, groups, or legal entities (Article 4(1) UUPA). Furthermore, Article 4(2) of the UUPA grants landowners the authority to use or benefit from their land.

Based on the relinquishment statement, the head of the land office records the relinquishment of Land Rights or Management Rights in certificates, land books, and other official land administration records. Individuals or legal entities holding Building Use Rights (HGB) but no longer meeting the requirements must release or transfer the rights to qualified parties within one year. If this obligation is not met within the specified time, the rights will automatically lapse according to the law. Subsequently, land rights are transferred to other parties in accordance with the applicable regulations.

### 2.2. *Registration of Land Rights*

According to Government Regulation No. 18 of 2021 on Land Management, Land Rights, Housing Units, and Land Registration, in conjunction with Government Regulation No. 24 of 1997 on Land Registration, land registration involves a series of activities carried out by the government in a continuous, structured, and systematic manner, including the collection, processing, recording, presentation, and maintenance of physical and legal data in the form of maps and registers. Rachmawati (2021) defines land registration as a series of activities carried out systematically and continuously by the state. This process includes the collection, processing, storage, and presentation of data on land parcels in specific areas. Its goal is to provide legal certainty in land matters, including the issuance and maintenance of proof of land ownership.

This process is related to land parcels, airspace above land, underground space, and housing units. It also includes issuing proof of ownership for land parcels, airspace above land, and land with specific legal rights. Through this registration process, legal or full ownership of the land can be established. In addition to being a prerequisite for establishing land rights, land registration serves to confirm and reinforce legal events or actions regarding land. According to Parlindungan, land registration serves as a means to announce the legal relationship between a person and the land they own. With registration, others are deemed to be aware of this legal relationship and are obliged to respect it as a matter of propriety.

This view emphasizes that land registration aims to establish a legal relationship between individuals and their land ownership. Additionally, land registration obliges others to respect registered rights. Land registration also aims to guarantee legal certainty for landowners. The entire mechanism of land certificate registration, including the collection, processing, storage, and presentation of physical and juridical data and the issuance of certificates, as regulated by Government Regulation No. 24 of 1997, shows a significant effort to obtain and present accurate data. This aligns with the primary goal of land registration in Government Regulation No. 24 of 1997, which is to ensure legal certainty for land rights (Frederik, Ringkuangan, & Tuwaidan, 2024). To guarantee legal certainty for a land parcel, a written, complete, and clear legal framework is necessary, which must be applied consistently in line with the regulations. Legal

certainty is achieved through land registration, with one result being the issuance of a certificate as the highest legal proof of land ownership.

As part of land registration, land documents contain physical and legal information about the land. These documents serve as guarantees and references for those interested in the land ownership. Physical data include location, boundaries, area, registered housing units, and buildings or parts thereof. Juridical data include information on legal status, rights holders, other parties' rights, and legal burdens attached to the land (Rozi & Cahyono, 2024). Finally, the principle of openness allows the public access to physical and juridical data about registered land at the Land Office, ensuring transparency in the land registration process.

### ***2.3. Notary Authority in Drafting Deeds***

Article 1 (1) of Law No. 2 of 2014, in conjunction with Law No. 30 of 2004, defines a notary as a public official with the authority to draft authentic deeds and perform other duties stipulated in this law and other related regulations. In this context, notaries, as public officials, are responsible for drafting authentic deeds to provide legal services to the public (Budiono, Sugiarto, & Zuhdi, 2023). Notaries are a profession established by the state through legal provisions. A person with a legal academic background cannot become a notary without an official appointment by the Minister. Article 2 of the UUJN establishes that the appointment and dismissal of notaries are carried out by the government, specifically by the Minister responsible for notarial affairs. As public officials, notaries are integral to the definition of an authentic deed under Article 1868 of the Civil Code, which specifies that an authentic deed must be made in a form set by law by or in the presence of an authorized public official at the location of the deed's creation. Notaries are appointed to provide legal services to individuals performing legal actions, serve as witnesses to these actions, document, and authenticate legal events.

As public officials appointed and dismissed by the government, notaries have the authority and obligation to serve the public, including assisting in the creation of agreements, drafting deeds, and processing their authentication, which are part of their powers. The Notary's position is based on a trust relationship between the notary and the party using their services. Therefore, notaries may only provide, disclose, or reveal the contents of deeds to parties with a direct interest, those mentioned in the deed, or the heirs (Sari, 2022). Article 15 (1) of the UUJN emphasizes the Notary's role as a public official with the authority to draft authentic documents. This authority is granted according to regulations. In addition to notaries, other officials may draft authentic deeds, as specified in Article 15 (1) of the UUJN, which states that the creation of deeds may be granted or excluded for other officials or individuals, in accordance with legal provisions. This indicates that not all authentic deeds are drafted by a notary. Other officials who may draft authentic deeds include village heads, Land Deed Officials (PPAT), religious affairs offices, and ambassadors (Maharani, Putra, & Marlina, 2022).

In carrying out their duties, notaries are required to adhere to their powers and fulfill their duties according to the Notary Position Regulations and the Notary Code of Ethics. The Notary's primary role is to establish legal relationships between parties in writing in a specific format; therefore, it holds the power of an authentic deed. Therefore, a Notary serves as the maker of legal documents that carry strong evidentiary power in legal processes, in line with Article 1868 of the Civil Code, which confirms that a notary's primary role is to create authentic deeds.

### ***2.4. Agreement***

Article 1313 of the Civil Code defines an agreement as a legal act in which one or more parties commit to binding themselves to another party or parties in the future. Based on this definition, an agreement can be understood as a legal act involving at least two parties that creates a binding relationship between them. The definition of an agreement in Article 1313 of the Civil Code is overly broad. This is because the term "act" can include not only agreements but also unlawful acts and voluntary representations. In this context, it should only refer to legal acts of the state. In such agreements, one party promises or is considered to promise to perform or refrain from performing a specific act, while the other party has the right to demand fulfillment of the promise. Based on the previous definition, an agreement can be seen as a legal relationship between two or more parties, where one party is obligated to perform an act, and the other party has the right to demand performance of the obligation (Elviani, Respatino, Tartib, & Erniyanti, 2023).

## ***2.5. Limited Liability Company (PT)***

The official definition of a Limited Liability Company (PT) is found in Article 1, Paragraph 1 of the Law on Limited Liability Companies (UUPT). This article states that PT is a legal entity in the form of a capital partnership established based on an agreement and engages in business activities with capital divided into its shares. As a legal entity, PT has rights and obligations like a legal subject, allowing it to perform legal actions, own property, and sue or be sued in court (Sudarno, 2023). Although a legal entity is not an individual with thoughts or will, it can be legally considered to have its own will. According to a commonly applied theory, the will of a PT originates from its management. However, any actions taken by the management on behalf of the PT are the responsibility of the PT, and all legal obligations arising from those actions are borne by the PT's assets.

Article 1, Paragraph (2) of the Law on Limited Liability Companies (UUPT) states that the organs of a company include the General Meeting of Shareholders (RUPS), Board of Directors, and Board of Commissioners. In performing their duties and authority, the Board of Directors must adhere to two main principles: first, fiduciary duty based on trust from the company; second, the duty of skill and care, which refers to competence and caution in decision making. These principles require the Board of Directors to act with care and good faith, solely in the company's interests and goals. Opinions differ on when a limited liability company (LLC) gains legal entity status. Some argue that it gains legal status once the deed of establishment is legalized by the Minister of Law and Human Rights (Lizardo, Siahaan, & Napitupulu, 2025), while others assert that legalization alone is insufficient and must be accompanied by the registration and announcement of the company to be recognized as a legal entity (Pangestu & Aulia, 2017).

Article 1, Paragraph (1) of Law No. 40 of 2007 on Limited Liability Companies defines a limited liability company as a legal entity in the form of a capital partnership established based on an agreement. The company engages in business activities with capital divided into shares and must comply with the regulations set forth in this law and its implementation. As a legal entity, a limited liability company has assets separate from its shareholders, which is its key distinguishing feature from other business forms. The principle of limited liability means that shareholders are not personally liable for a company's obligations because the company, as a legal entity, has its own assets.

This legal entity's existence is unaffected by the death or bankruptcy of shareholders or changes in the ownership structure. Consequently, company shares can be freely traded. This concept, known as corporate personality, affirms that a company has a legal identity that is separate from its founders (Khairandy, 2013). Article 102, Paragraph 2 of Law No. 40 of 2007 explains that the assets of an Limited Liability Company are movable and immovable property, tangible and intangible. Based on this explanation, it can be concluded that all assets owned by the PT, including immovable property, are part of PT's wealth. Land is categorized as immovable property according to the provisions of Article 506 of the Civil Code.

As a legal entity recognized by Indonesia's legal system, an Limited Liability Company has the right to acquire land for investment or its legal domicile. The land rights that can be held by a Limited Liability Company are regulated in Article 16 of Law No. 5 of 1960 on Basic Agrarian Law, which includes Ownership Rights, Business Use Rights, Building Use Rights, Usage Rights, Lease Rights, Land Clearing Rights, Forest Product Collection Rights, and other rights specified by law, including temporary rights mentioned in Article 53 UUPA (Muntaqo & Mansyur, 2019).

## **3. Research Methodology**

### ***3.1. Type of Research***

This study employs normative and empirical juridical methods to analyze the data. Normative research relies on library studies or secondary data as its main sources. It also includes research that uses applicable laws or legal regulations to analyze the issues under study. This study is also empirical because it uses legal regulations and examines the legal realities that exist in society. This is supported by interviews with sources regarding the transfer of ownership rights on land with ownership certificates purchased by limited liability companies from authorized officials, such as notaries.

### **3.2. Approach Method**

The author uses a statutory approach that examines all problems based on applicable legal provisions. In addition, the author applies a historical approach to analyze the background of these issues. This study also employs a case approach to review various regulations related to the problems discussed herein.

### **3.3. Research Location and Data Sources**

Based on the issues outlined above, the author conducted research at the Notary and PPAT Office of Anly Cenggana, S.H., in Batam, and at the Batam Land Office. The data sources used in this study included the following:

1. Primary Data
  - a. Interviews with Notary and PPAT Anly Cenggana, S.H.
  - b. The Civil Code.
  - c. Legislation.
  - d. Government Regulations.
2. Secondary Data
  - a. Primary legal materials include court decisions and jurisprudence.
  - b. Secondary legal materials include legal journals and publications related to law.
3. Tertiary Data
  - a. Indonesian Dictionary.
  - b. Websites related to legal research.

### **3.4. Data Collection Techniques**

In this study, data collection was conducted using an approach that encompassed primary, secondary, and tertiary data. Primary data were obtained through direct interviews with Notary and Land Deed Officer (PPAT) Anly Cenggana, S.H., to gain in-depth information on the practice of granting building use rights using a deed of relinquishment prepared by the notary. Primary data were obtained from the Civil Code and various relevant regulations. These data provide a strong legal foundation for analyzing the juridical aspects of this study.

### **3.5. Data Analysis**

The author will analyze the collected data qualitatively by systematically examining secondary data to gain a comprehensive understanding of the issues being studied. The results of the analysis are presented in written form, with detailed descriptions and direct quotes. Moreover, the available data will be interpreted using legal theory and positive law principles, and conclusions will be drawn to answer the research questions of this study. Interviews with sources were also used as supporting data to clarify and enrich the study's findings.

## **4. Result and Discussion**

### **4.1. Legal Framework for the Relinquishment of Ownership Rights on Land with Ownership Certificates Purchased by Limited Liability Companies in Land Law Perspective**

The legal framework regarding the relinquishment of ownership rights on land with ownership certificates (SHM) purchased by PT follows the basic principles of the national land law system, based on the 1960 UUPA. Articles 21 (1) and (2) of the UUPA emphasize that ownership rights to land can only be held by Indonesian citizens; thus, legal entities like PT do not have the legal basis to directly own land with SHM status. Therefore, the mechanism for relinquishing rights by the SHM owner to the state is a prerequisite before the land can be transferred and granted to PT in the form of HGB (Building Use Rights). In Batam, the regulations on the relinquishment of rights are more complex because of the region's special land regulations, as stipulated in Government Regulation No. 46 of 2007 on the Free Trade Zone and Free Port of Batam, strengthened by the authority of the Batam Development Authority (BP Batam) in land management.

Based on this regulation, land in Batam is generally under the Land Management Rights (HPL) owned by the state and is managed by BP Batam. In some cases, SHM in Batam can be issued on land originally under HPL, either through the partial relinquishment of HPL by BP Batam to the state or as a result of

administrative processes conducted in the past before the strengthening of land monitoring systems. Even though SHM are formally issued, the use, transfer, and relinquishment of land rights often still require approval or recommendations from BP Batam, as these lands are still part of areas managed legally and administratively by BP Batam. If a PT intends to buy land with an SHM status, it will face legal issues. According to Article 21 (1) of the 1960 UUPA, legal entities such as PT are not allowed to own land with ownership rights. Therefore, the ownership status of such land cannot be directly transferred to the PT. For a sale transaction to be legally valid, the SHM owner must first relinquish their rights to the state, changing the land's status to state land, which can then be granted to the PT in the form of an HGB.

The process of relinquishing land rights is done using a deed of relinquishment as the foundational document, as regulated in Article 159 (1)(b) of Minister of Agrarian and Spatial Planning/Head of the National Land Agency Regulation No. 18 of 2021 on Land Management and Land Rights. Moreover, Article 183 (1) of the same regulation states that the relinquishment of land or HPL to state land must be acknowledged by an authorized official who submits the relevant certificate to the Land Office. This official can be a notary, village head, or head of the Land Office, as regulated in Article 183 (3) of the same law.

If a notary drafts the deed of relinquishment, it has a strong legal basis, as regulated in Article 15 (1) of Law No. 2 of 2014, which states that notaries are authorized to create authentic deeds for acts, agreements, and determinations required by law or requested by interested parties to be formalized in authentic documents. This is reinforced by Article 39 of the UUJN, which states that notarial deeds have perfect evidentiary power and are binding unless proven otherwise. Therefore, the creation of a deed of relinquishment by a notary is not only legally valid but also provides legal certainty and protection to the parties involved in transferring land rights to the state, especially when the land is later transferred to PT for HGB registration.

Additionally, the requirement that land rights must be relinquished to the state is further reinforced by Article 20 (1)(b) of Minister of Agrarian and Spatial Planning/Head of the National Land Agency Regulation No. 5 of 2025, which states that the change from ownership rights to building-use rights is done through the relinquishment of rights to state land, processed via the granting of rights. Thus, with the implementation of this regulation, land rights must first be relinquished to the state before PT can apply for HGB registration. Given this, the request for HGB registration by PT as the recipient of land rights, which have been relinquished from ownership, cannot be processed directly by BPN but still requires BP Batam's approval because of its HPL jurisdiction. As regulated in Government Regulation No. 46 of 2007 on Free Trade Zones, Article 4 (1), HPL, formerly under the Batam Industrial Development Authority and Batam City Government, now falls under the BP Batam.

This provision is also emphasized in Article 1 of the Head of Batam Free Trade Area and Free Port Authority Regulation No. 13 of 2024 on Amendments to Head of Batam Free Trade Area and Free Port Authority Regulation No. 11 of 2023 on Land Management Implementation, which states that the Management Agency is an entity established to manage, develop, and build the Batam Free Trade Area and Port Area. This means that BP Batam has full authority to regulate and allocate land use under its management (i.e., HPL). Therefore, legal entities such as PT must first apply for land use or allocation to BP Batam before proceeding with BPN.

This regulation is also governed by the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Regulation No. 18 of 2021 on Land Management Rights and Procedures, which includes Annex IIA. The Format of Decision for Granting Land Management Rights specifies that HPL recipients may transfer the use or management of land to third parties with Land Use Rights, Building Rights, or Usage Rights according to a Land Utilization Agreement that is fair and can only be transferred after obtaining BP Batam's approval. With this explanation, the entire process of transferring land rights from SHM to HGB for corporate purchases must follow clear, transparent, and legally based procedures to avoid land disputes.

#### ***4.2. Implementation of Land Rights Transfer with Ownership Certificates Purchased by Legal Entities in Land Law Perspective***

A legal entity, that is, a PT, purchasing land with ownership status must follow the legal procedure to ensure that the land's ownership is valid. According to Article 20 (1) (b) of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Regulation No. 5 of 2025, land ownership must first be released to the state before reapplying for the rights. In practice, land rights releases are done through a release deed, as specified in Article 159 (1) (b) 4 of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Regulation No. 18 of 2021. This deed can be executed in the presence of an authorized official, such as a notary. Second, a sales or statement agreement is made between the landowner and PT as the buyer of the land. This deed includes information on the sale price, payments made, and an agreement that after the land rights are released to the state, PT, as the buyer, will apply for the HGB rights with BPN. This deed serves as the basis for the PT to claim the legality of the transaction and to avoid future disputes or defaults.

The preparation of these two deeds represents the implementation of the notary's prudence and professionalism in preparing legally valid documents. To ensure the connection between the two deeds, an explanation must be included stating that these deeds are inseparable from the release deed. The substance and full set of documents must meet the requirements of a valid agreement as stipulated in Article 1320 of the Civil Code: the agreement of the parties, legal competence, a specific object, and a lawful cause. With this approach, legal protection for both the seller and the PT as the buyer is guaranteed fairly and proportionally according to the principles of contract law and national land law. The signed release deed must meet administrative requirements, such as paying taxes, including Income Tax and Property Transfer Tax (BPHTB). However, in Batam, the release deed cannot be directly applied to the renewal of the HGB with BPN due to BP Batam's authority over the HPL. Therefore, any land-related administration must obtain BP Batam's approval.

According to Article 22 (1) of the Head of Batam Free Trade Area and Port Authority Regulation No. 11 of 2023 on Land Management, the land that is the subject of land allocation must have a Ministerial Decree regarding the granting of management rights to BP Batam and/or management certificates. Additionally, Article (2) of the same article requires land allocation to have a valid Spatial Planning Plan, covering National Strategic Area Planning for Batam, Bintan, and Karimun, Riau Islands Province, Batam City, and Detailed Urban Planning for Batam City. The Land Allocation application is submitted to the head of the relevant unit handling integrated one-stop services and uploaded via the system. The application is then verified by a technical verification team that assesses factors such as investment value, financial capability, labor absorption, construction schedule, spatial planning conformity, site and building design, land conditions, environmental impact, and additional contributions.

The technical verification team checks the administrative completeness, legal status, technical plans, and business plans, and evaluates all related documents, providing recommendations for approval or rejection. Next, the UWT invoice must be paid by PT. Land allocation is given for a period of 30 years from the date of KPT issuance, as stated in the PPT. The decision on land allocation is made in the KPT and must be issued no later than 30 days after the UWT payment is made. Land allocation is then recorded in the PPT and signed by the recipient (PT) and BP Batam. For the ownership document to be processed into an HGB, PT submits an HGB application to BPN. This process involves submitting an application with supporting documents, such as the release deed, previous certificate (SHM), applicant identity, SKP, PPT, and UWT payment proof from BP Batam. Administrative requirements are detailed in Article 88 of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Regulation No. 18 of 2021, which covers HGB applications for state land ownership.

If discrepancies are found between the physical and legal data during the review, the applicant will be notified to make corrections or to complete the necessary documents. If the review is satisfactory and the HGB application falls under the authority of the Head of the Land Office, the Head of Section prepares a decision draft for approval or rejection. This decision is then issued by the Head of the Land Office, serving as the basis for granting an HGB. However, if the HGB application is outside the

authority of the Head of the Land Office, for example, because the land exceeds a certain size or has a specific status, the application file is forwarded to the Head of the Regional Office or the Minister of Agrarian Affairs and Spatial Planning/Head of the BPN. In this case, the Land Office submits the complete application file, along with recommendations and considerations, to a higher authority, which can be done electronically. However, physical documents are still maintained at the Land Office.

Once the file reaches the Regional Office, the Department Head further examines the physical and legal data. If inconsistencies are found, the applicant is notified. Once the data are confirmed as accurate, the Department Head prepares a draft decision and forwards it to the Head of the Regional Office for the issuance. The decision to grant the HGB by the Head of the Regional Office will only take effect after the rights have been registered. Thus, the implementation of land rights transfer from SHM to HGB by PT in Batam involves not only national land law norms but also depends on the administrative structure and specific licensing from BP Batam. This process must be thoroughly understood by all parties to avoid future disputes and legal issues.

#### ***4.3. Obstacles and Solutions to the Transfer of Land Rights with Ownership Certificates Purchased by Limited Liability Companies in Land Law Perspective***

Article 21 of the UUPA emphasizes that only Indonesian citizens can own land rights, meaning that legal entities such as PT cannot own land with ownership status. In practice, the process of transferring SHM land rights from individuals to the state, which is later applied as HGB by the PT, does not always run smoothly due to various factors. Several obstacles exist from normative, administrative, and technical perspectives. Normative obstacles arise from the public and business actors' lack of understanding of the land ownership limits set by regulations, particularly Article 21 (1) of the UUPA, which states that legal entities cannot own land with ownership status. In practice, there are still cases where land transactions are conducted directly between the landowner and PT without going through or following the rights transfer mechanism. This leads to legal risks regarding the validity of the rights transfers and the subsequent certification process.

Additionally, the lack of standard regulations regarding the form, structure, and content of the rights transfer deed is problematic. The legislation does not detail the standard format or required content for the deed, leading to variations among notaries, which can cause legal uncertainty and difficulties in land registration. From an administrative standpoint, obstacles arise due to the complexity of bureaucratic procedures, especially in Batam, Indonesia. In Batam, the land management authority lies with BP Batam as the holder of HPL, so every process of allocation, release, and granting of land rights must be coordinated between BP Batam and the Land Office. This process not only takes longer but also requires a highly detailed and technical document set, as stated in BP Batam Regulation No. 11 of 2023. As the applicant, PT must prepare documents such as company profiles, bank statements, business permits, and site design plans, all of which must be verified by BP Batam's technical team before land allocation approval is issued.

In addition to normative and administrative obstacles, technical obstacles cannot be ignored. One such obstacle is the inconsistency between the physical and legal data of the requested land. For example, discrepancies in land area, boundary mismatches, or inaccuracies in owner identification are often detected only during the field inspections. These discrepancies delay the application process and require applicants to amend their documents accordingly. Moreover, obstacles arise due to the lack of integration of land information systems between BP Batam and the BPN. The lack of data connectivity between these institutions causes duplicate verification processes, lengthening service times, and increasing the risk of data input errors, which affects the validity of the land rights certificate issued.

To address these obstacles in the SHM land rights transfer process to PT, an approach covering normative, administrative, and technical aspects is required. First, in response to normative obstacles arising from a lack of understanding of the prohibition of land ownership with ownership status by legal entities, solutions include strengthening legal education for the public, business actors, and relevant authorities. Regular socialization by the Land Office, local government, and professional organizations such as IPPAT and INI is crucial to ensure that all parties understand the provisions of Article 21 (1) of

the UUPA. Additionally, more detailed regulations on the content and structure of the rights transfer deed through technical regulations from the Ministry of ATR/BPN are required. The development of guidelines or standards for Notaries/PPATs will help standardize practices and strengthen legal certainty.

The central government must also encourage the acceleration of land data digitalization, including updating data in regions that were not previously mapped electronically. These efforts will minimize potential disputes, speed up services, and enhance transparency and accountability in the land administration. Therefore, resolving these obstacles relies not only on regulatory revisions but also on the commitment of all agencies involved to improve public services that are efficient, integrated, and based on legal certainty and protection.

## **5. Conclusion**

### **5.1. Conclusion**

1. The legal regulation of the release of land rights with SHM (Ownership Certificate) purchased by PT is fundamentally based on the provisions of Article 21 (1) of the 1960 Basic Agrarian Law, which prohibits legal entities from owning land with ownership rights. Therefore, for PT to legally acquire land rights, the owner of SHM must first release the rights to the state, which is then requested by PT in the form of HGB (Building Use Rights). Specifically, in Batam, this regulation must be adjusted to the provisions of BP Batam Head Regulation No. 11 of 2023, which requires PT as the applicant to submit a land allocation request to BP Batam. The renewal of rights to HGB can only be done after the PT obtains the Land Allocation Decision (KPT) from BP Batam, which becomes the administrative basis for the application of rights to the Land Office.
2. The implementation of the release of land rights from an individual to the state, which is then requested by PT as HGB in Batam, involves a complex process that is not only subject to national land regulations but also to the specific regulations of the free trade zone, making BP Batam the holder of HPL (Land Management Rights). This process begins with the creation of the release of rights deed by a notary, meeting administrative and technical requirements according to BP Batam's regulations, and the submission of an HGB request to BPN based on the authority outlined in the Ministerial Regulation of ATR/BPN No. 5 of 2025.
3. Obstacles in the implementation of the release of land rights with SHM that will be transferred to a legal entity in Batam can be classified into normative, administrative, and technical issues. Normative obstacles include a lack of understanding of the prohibition of SHM ownership by PT and the absence of standardized regulations on the format of the release of rights deeds. Administrative obstacles arise from the complexity of bureaucracy and strict document requirements for land allocation under the supervision of BP Batam. Technical obstacles include discrepancies between physical and legal data and the lack of integration of land information systems between BP Batam and BPN, which cause delays in certification and the potential for disputes.

### **5.2. Recommendations**

1. The legal regulation of the release of land rights with SHM purchased by Limited Liability Companies from a land law perspective should be carried out by developing technical regulations by the Ministry of Agrarian Affairs and Spatial Planning/BPN that specifically regulate the form, structure, and substance of the release of rights deed to create legal certainty and uniformity in practices, alongside regular legal education for the public, business actors, and local government officials to prevent procedural errors that harm the parties involved.
2. The implementation of the release of land rights with SHM purchased by Limited Liability Companies from a land law perspective should be carried out by forming a technical coordination forum between BP Batam and the Batam Land Office based on a Memorandum of Understanding (MoU) as a foundation for administrative cooperation, to create inter-agency synergy without changing the structure of authority and accelerating public service related to land allocation, release, and granting of land rights.
3. Solutions to the release of land rights with SHM purchased by Limited Liability Companies from a land law perspective should be addressed through the digitization and integration of land data between BP Batam and BPN, utilizing technologies such as drone mapping and an electronic data

confirmation system to expedite the verification, measurement, and granting of land rights accurately.

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