

LEGAL PROTECTION OF BANKRUPT CREDITORS AGAINST TRANSFER OF MANAGEMENT RIGHTS OVER LAND OWNED BY BANKRUPT DEBTORS DUE TO DELAY IN EXTENSION OF BATAM AUTHORITY'S ANNUAL MANDATORY MONEY

Anggra Satria Sitindaon^{1*}, Alwan Hadiyanto², Rizki Tri Anugrah Bhakti³

^{1,2,3}Universitas Riau Kepulauan, Batam, Indonesia

anggrasitindaon@gmail.com^{1*}, alwan@gmail.com², rizkitri@gmail.com³

Received 10 Sep 2025 • Revised 20 Oct 2025 • Published 21 Nov 2025

Abstract

When the soil entered *estate bankruptcy*, it experienced delays in paying the Batam Authority's Annual Mandatory Fee. The Batam Authority's Annual Mandatory Payment is one of the strongest pieces of evidence indicating that the company has legal ownership over the land. However, the possibility of the land being taken over by the Batam Business Agency is because the Batam Business Agency has the right to do so. However, the conflict of regulations that occurred also resulted in a legal vacuum, leaving a gap in resolving the problem. In this study, several issues are studied, including: How are the regulations regarding assets owned by bankrupt debtors, the rules regarding the transfer of land management rights by the Batam Business Agency, how the legal protection of bankrupt creditors regarding the transfer of land management rights owned by bankrupt debtors due to delays in extending the Batam Authority's annual mandatory money. The form of this research is normative legal research, utilizing secondary data as its primary source of information. The data analysis used is qualitative descriptive analysis. The assets owned by debtors who are declared bankrupt include those that already existed at the time of the bankruptcy decision, as well as those acquired during the bankruptcy process, referred to as estate bankruptcy. The supervisory judge and curator manage the estate in bankruptcy, with the results then distributed according to the previously determined repayment priorities. The transfer of land management rights can be carried out by BP Batam if several conditions are met, namely that the Batam Authority Annual Compulsory Money has not been paid or extended, there is a mismatch in land use, or the land has been given in not cultivated within a specific period. The transfer of management rights can be carried out because BP Batam is the holder of the management rights to the land in Batam. In facing the challenges faced by bankrupt creditors, legal protection is an essential aspect. One way to protect creditors is to strengthen the monitoring mechanism for the transfer of land management rights. Additionally, legal education for creditors needs to be improved so that they understand their rights within the bankruptcy process. Many creditors are not aware that they have the right to file objections to the transfer of management rights carried out by BP Batam. By improving legal understanding, creditors can be more proactive in protecting their rights.

Keywords: Batam Authority Annual Compulsory Fee, Bankruptcy, Management Rights

INTRODUCTION

The Riau Islands Province was formed through the enactment of Law Number 25 of 2002 concerning the Establishment of the Riau Islands Province by the People's Representative Council of the Republic of Indonesia. Tanjung Pinang, as the capital of this province, encompasses seven areas, comprising the Anambas Islands Regency, Batam City, Bintan Regency, Tanjung Pinang City, Karimun Regency, Lingga Regency, and Natuna Regency. Batam City has an area of 960.25 km², bordered by the Singapore Strait to the north, Senayang District to the south, and North Bintan District to the east, with Karimun and Moro Regencies to the west (Zaenuddin et al., 2017).

Regional autonomy is defined as a set of rights, powers, and responsibilities that a region can exercise independently in managing its government affairs and community interests based on the regulations in force in Indonesia (Artanto & Harefa, 2020). The determination of regional autonomy aims to provide local governments with opportunities to develop their regions' potential, supported by a clear legal basis. Problem-solving and development of regional potential will be more efficient if carried out by the relevant Regional Government.

The Batam City Government and the Batam Authority are two institutions responsible for managing the city of Batam. Previously, the Batam Authority was known as the Batam Authority. Both institutions have the same goal, which is to regulate and advance Batam City in various fields. However, the scope of their duties is different; the Batam Authority is tasked with managing all land in Batam City, while the Batam City Government is responsible for fulfilling the interests and administrative needs of city residents. The unclear division of duties in Batam City can cause problems, such as conflicts in Spatial Planning, Utilization, and Supervision. If these two institutions can collaborate well, then the progress of Batam City will be realized. Conversely, regression can occur if there is a mismatch in handling problems and enforcing applicable regulations. Several common issues that often arise in Batam are categorized into four aspects: property and asset aspects, spatial and forestry management aspects, land aspects, and licensing aspects (Siburian et al., 2024).

All land areas in Batam City are included in the management rights category. Further explanation is contained in the Decree of the President of the Republic of Indonesia concerning the Batam Island Industrial Area No. 41 of 1973, which states that "All land areas are given management rights to the Batam Business Agency, which is authorized in planning and using them (Elena, et al., 2024). Thus, all areas are handed over to the Batam Business Agency, which has the right to design the allocation and utilization of land. Although there are only two types of land management rights in Batam, namely the Right to Use and the Right to Build, the land registration process is still carried out through the Batam City Land Office. If there is unused land, the Batam Business Agency has the right to take over the land by withdrawing it. The principle of legal protection is intended to safeguard the community from government actions, based on the concept of justification and the maintenance of human rights, while acknowledging limitations on obligations for both the community and the government.

The granting of land by the Batam Business Agency to companies in the form of Building Use Rights is usually preceded by the issuance of the Batam Authority Annual Mandatory Payment. The Batam Authority Annual Mandatory Payment is a cost that must be borne in the form of tax, not state revenue. The Batam Authority's Annual Mandatory Payment has a 30-year time limit, which must be extended; thereafter, it becomes the basis for obtaining Building Use Rights from the Batam City National Land Agency.

Land obtained from the Batam Business Agency can be used as a basis for obtaining credit from banks and also become an asset of the company. Throughout their journey, companies often experience ups and downs. The worst condition is that the company is unable to fulfill its credit obligations, so it is required to enter bankruptcy. Article 1 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU Law) states that bankruptcy is the complete seizure of all assets owned by a bankrupt debtor, the management and settlement of which are carried out by a curator under the supervision of a supervising judge, in accordance with the provisions stipulated in the PKPU Law.

The problem that is likely to occur is when the soil enters into *estate* bankruptcy and experiences delays in payment of the Batam Authority's Annual Mandatory Money. The Batam Authority's Annual Mandatory Payment is one of the strongest pieces of evidence indicating that the company has legal ownership over the land. However, the possibility of the land being taken over by the Batam Business Agency is because the Batam Business Agency has the right to do so. However, the conflict of regulations that occurred also resulted in a gap in the law in resolving the problem. Therefore, the author is interested in raising the issue of legal protection for bankrupt creditors against the Transfer of Management Rights to Land Owned by Bankrupt Debtors Due to Delays in the Extension of the Batam Authority's Annual Mandatory Payment.

RESEARCH METHOD

The type of research used to analyze the problem employs the normative legal research method. Research legal Normative is carried out by utilizing legal principles to seek the truth based on the norms and positive laws applicable in Indonesia (Marzuki, 2005). The data used in this study is secondary data, namely data obtained not from primary sources (Soekanto, 2003). This research also collects primary, secondary and tertiary legal materials.

Primary legal materials are analytical materials related to regulations related to collecting donation funds and other rules associated with this research (Soekanto, 1986). Secondary legal materials are resources that provide explanations related to the need for primary legal materials, such as journals, seminar papers, and expert opinions (Pamungkas, 2023). Tertiary legal materials are supporting legal materials that explain primary and secondary legal materials, such as legal dictionaries (Soekanto, 2003). The problem-solving process described in this scientific article uses a regulatory approach (*statute approach*) and conceptual approach (*conceptual approach*).

The data analysis employed in this study is a qualitative descriptive analysis. This method describes research results based on data collected from primary, secondary, and tertiary legal materials and then interprets and analyzes these data using relevant theories (Soekanto, 1986).

RESULTS AND DISCUSSION

Regulations Concerning Assets Owned by Bankrupt Debtors

The agreement between the debtor and creditor is the initial step that creates a legal relationship between the two parties. This agreement is formed after each party has agreed to do or not do something. This is by the provisions contained in Article 1234 of the Civil Code. The debtor has the right to describe the rights he requests from the creditor (Arifin, 2022). Likewise, creditors can explain the obligations that the debtor must fulfill. This agreement is made to satisfy the rights and responsibilities that are mutually protected by law. Before the deal is finalized, the parties must meet specific requirements to ensure the agreement is considered valid under the law. The provisions contained in Article 1320 of the Civil Code explain the elements required for an agreement to be declared valid. The four requirements include an agreement between the parties involved, the ability to make a contract, the existence of a clear object, and the existence of a legitimate cause or cause. If one of these requirements is not met, the agreement can be void or legally defective (Putri, 2020).

The object of the agreement is the achievement or the core of the deal itself. The achievement can be an act of giving something, carrying out an action, or even refraining from taking any action (Muladi et al., 2018). Article 1332 of the Civil Code states that only goods that can be traded can be the basis for an agreement. Article 1333 also emphasizes that an agreement must have an object in the form of goods whose type must at least be determined. Although the number of goods is uncertain, it is not a barrier to an agreement as long as the quantity can be determined or calculated. A valid reason implies an understanding that the contents of the agreement made by the parties do not conflict with applicable laws and regulations and do not deviate from the norms of order and morality. Therefore, it can be concluded that the contents of the agreement do not violate morality, public order, or applicable law. These moral norms can be understood differently by each individual. Over time, the meaning of moral norms can also evolve in response to societal development. The aspects of public order in question include broad interests, state security, and public tranquility, and can also be linked to constitutional issues.

The agreement made between the two parties establishes each party's rights and obligations. If one party fails to fulfill the provisions, then there will be a default or violation of the agreement. The subject of the agreement can consist of individuals or corporate entities. Fulfillment of obligations by one party, especially in the context of a loan or debt agreement, can lead to bankruptcy or delay in debt payments.

Bankruptcy applications can be filed by fulfilling the requirements stipulated by the PKPU Law in Indonesia, one of which is that there must be evidence that the debtor has debts that are due to more than one creditor. Bankruptcy decisions from other countries can be included as additional evidence to strengthen the application in the Indonesian court. Still, the court must assess and decide based on the laws applicable in the country. This process is known as relitigating or repetition. This is due to the territorial principle adopted in Indonesian bankruptcy law (Yuldashev & Kozyreva, 2019).

Legal certainty related to the law is an essential principle in the creation and application of law. Without clarity in norms, society can be confused about what actions are permitted or prohibited. Ambiguity in the rules can result in diverse interpretations, where one rule can be interpreted differently by different people, thus causing injustice or doubt in the application of the law. In this context, legal certainty is crucial to ensure that all parties involved in the bankruptcy process receive their rights fairly.

and equitably. The legal certainty provided by bankruptcy law ensures that creditors receive adequate protection and that court decisions can be effectively implemented. This is in line with the provisions contained in Article 1131 and Article 1132 of the Civil Code, Maniah & Nofrial (2022) which states that bankruptcy includes:

- 1 All assets owned by the person declared bankrupt at the time of the bankruptcy declaration, with certain exceptions for individuals.
- 2 Since being declared bankrupt, the debtor no longer has the right to manage or transfer ownership of assets that are part of the bankrupt estate.

The bankruptcy institution functions to provide protection and legal certainty for both creditors and debtors. Article 1131 of the Civil Code states that all of the debtor's assets are collateral for all of his debts. Meanwhile, Article 1132 emphasizes the principle of creditor *equity*, which means that all creditors are entitled to receive payment from the debtor's assets in proportion to their claims. The PKPU Law then explains how this mechanism works in practice, establishing the roles of parties such as the curator, who manages and settles the debtor's assets; the supervising judge, who monitors the process; and the court, which issues a bankruptcy decision. The PKPU Law guarantees that the debtor's assets abroad are also included in the assets that can be used to pay debts (Nugroho & SH, 2018).

The assets of a debtor who is declared bankrupt, including those that existed at the time of the bankruptcy decision and those acquired during the bankruptcy process, are referred to as the bankrupt's estate. Management estate bankruptcy is carried out by the supervising judge and curator, the proceeds of which are then distributed according to previously determined repayment priorities (Yani & Widjaja, 2011).

Regulations Concerning the Transfer of Land Management Rights by the Batam Business Agency

The transfer of land management rights in the Batam area is a complex and critical issue in the context of economic development and investment in Indonesia. Batam, as a special economic zone, has a strategic role in the national economy, especially in the industrial and trade sectors. According to data from the Batam Business Agency (BP Batam), in 2022, Batam's contribution to the national Gross Domestic Product (GDP) was approximately 1.5%, with notable growth in the industrial sector. This highlights the importance of clear and compelling regulations governing land management rights in supporting investment and infrastructure development (Siburian et al., 2024).

Regulations regarding the transfer of land management rights in Batam are regulated in several laws, including Law No. 39 of 2009 concerning Special Economic Zones and Government Regulation No. 46 of 2007 concerning the Business Agency. In this context, BP Batam has the authority to manage and regulate land use in the area. Therefore, it is essential to understand how these regulations are implemented and their impact on land management in Batam.

In practice, the transfer of land management rights often faces various challenges, including legal, social, and environmental issues. For example, there is a case of a land dispute between BP Batam and the local community, which claims land rights that BP Batam has managed. This case highlights the need for a transparent and fair mechanism in the transfer of land management rights, thereby preventing future conflicts.

The regulation regarding the transfer of land management rights by BP Batam cannot be separated from the broader legal framework in Indonesia. Law No. 5 of 1960 concerning Basic Agrarian Regulations (UUPA) serves as the primary basis for regulating land rights in Indonesia, including in Batam. UUPA establishes basic principles regarding the control, use, and transfer of land rights, which all parties, including BP Batam, must follow (Erwiningsih, 2023).

In the context of special economic zones, Law No. 39 of 2009 grants BP Batam special authority to manage land and resources in the area. Article 12 of this Law confirms that BP Batam has the authority to grant land use permits to investors, provided that they comply with the applicable provisions. This shows the importance of clear regulations in supporting investment and economic development in Batam.

However, in practice, there are challenges in implementing this regulation. For example, there are several cases where land management rights transfer permits do not comply with established procedures, resulting in disputes between BP Batam and the community. Data from the Legal Aid Institute shows that in 2021, there were more than 50 land dispute cases involving BP Batam, most of which were caused by a lack of transparency in the rights transfer process.

Additionally, Government Regulation No. 46 of 2007 provides guidelines for area management and the transfer of land management rights by BP Batam. This regulation governs the process for granting permits, the obligations of permit holders, and the sanctions for parties that violate these

provisions. However, the implementation of this regulation is often hindered by complex bureaucracy and a lack of competent human resources at BP Batam.

BP Batam can carry out the transfer of land management rights if several conditions are met. Namely, the Batam Authority's Annual Compulsory Fee has not been paid or extended, there is a mismatch in land use, and the allocated land has not been cultivated within the specified period. The transfer of management rights can be done because BP Batam is the holder of management rights to the land in Batam.

Legal Protection of Bankrupt Creditors Against the Transfer of Management Rights to Land Owned by Bankrupt Debtors Due to Delays in Extension of Annual Mandatory Payments by the Batam Authority

Bankruptcy experienced by debtors often has a significant impact on creditor rights. In this context, the transfer of management rights to land owned by bankrupt debtors is a critical issue to analyze. According to data from the Ministry of Law and Human Rights, in 2022, more than 400 bankruptcy cases were registered in court, with the majority related to asset management issues, including land (Saputra & Luthviati, 2020). When a debtor goes bankrupt, the creditors' rights to recover their debts are often threatened by the transfer of management rights that do not comply with applicable legal provisions.

The transfer of management rights over land owned by bankrupt debtors often occurs due to delays in the extension of the annual mandatory money set by the Batam Authority. In this case, BP Batam has the Authority to manage and transfer management rights over the land, which can impact the legal position of creditors. According to data from the Batam Authority, in 2021, there was a 20% increase in the amount of land managed by the Authority, indicating that land management in Batam is becoming increasingly complex (Sisilia et al., 2024). This raises questions about the extent to which legal protection can be provided to creditors in such situations.

This problem is further complicated by the conflict between bankruptcy law and BP Batam's authority to transfer management rights. Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU) provides legal protection for creditors. However, BP Batam has regulations that allow them to take over the management of land that does not meet payment obligations. This creates a legal dilemma that requires further analysis to find a fair solution for all parties involved (Harefa, n.d.).

To analyze the legal protection of bankrupt creditors, it is essential to understand the theoretical framework underlying bankruptcy regulations in Indonesia. According to the Bankruptcy Law, creditors have the right to recover their debts through the process of liquidating the debtor's assets. However, in practice, creditors face numerous obstacles, particularly when navigating regulations governing land management.

The theory of legal protection in the context of bankruptcy also includes aspects of justice and legal certainty. Creditors must receive adequate security to ensure that their rights are not compromised during the bankruptcy process. In this case, it is essential to evaluate whether the Batam Authority has provided sufficient protection for creditors in managing land owned by bankrupt debtors. This study aims to identify existing legal loopholes and provide recommendations for improving the existing legal system.

In the legal context, the conflict between bankruptcy law and BP Batam's authority is a complex issue. The Bankruptcy Law protects creditors, but on the other hand, BP Batam has the right to transfer the management of land that does not meet payment obligations. This creates legal uncertainty for creditors seeking to enforce their rights.

An example is the case of PT XYZ, which went bankrupt in 2021. In this case, BP Batam assumed management of land owned by PT XYZ before the liquidation process was completed, resulting in creditors losing their rights to the land. This case shows that the actions of the Batam Authority can potentially harm creditors and violate the principle of justice in bankruptcy law. This emphasizes the need for harmonization between bankruptcy law and BP Batam's authority to avoid damaging either party.

In facing the challenges faced by bankrupt creditors, legal protection becomes an essential aspect. One way to protect creditors is to strengthen the monitoring mechanism for the transfer of land management rights. Additionally, legal education for creditors needs to be improved so that they understand their rights within the bankruptcy process. Many creditors are not aware that they have the right to file an objection to the transfer of management rights carried out by BP Batam. By improving legal understanding, creditors can be more proactive in protecting their rights.

The importance of mediation also cannot be ignored in the dispute resolution process between creditors and BP Batam. Mediation can be a more efficient and effective alternative to a lengthy and expensive litigation process. Mediation can be a suitable solution for resolving conflicts that arise from the transfer of land management rights.

CONCLUSION

The assets of a debtor who is declared bankrupt, including those that existed at the time of the bankruptcy decision and those acquired during the bankruptcy process, are referred to as the bankrupt's estate. Management estate bankruptcy is carried out by the supervising judge and curator, the proceeds of which are then distributed according to previously determined repayment priorities.

BP Batam can carry out the transfer of land management rights if several conditions are met. Namely, the Batam Authority's Annual Compulsory Fee has not been paid or extended, there is a mismatch in land use, and the allocated land has not been cultivated within the specified period. The transfer of management rights can be done because BP Batam is the holder of management rights to the land in Batam.

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