

## ABSTRACT

The title of this dissertation is juridical implication on applicability of law number 16 of 2001 on foundation. Prior to the enactment of the law, foundation has long been recognized as legal entity. The recognition as legal entity is based on custom and usage as well as case law. This leads to legal uncertainty in terms of its establishment, areas of business that can be carried out, and its both criminal and civil liability.

Through this research, it is found that Law No. 16 of 2001 on Foundation is still inadequate to address the issues. On the contrary, the Foundation Law raises new problems in that.

First, this law cannot solve the diversity of the establishment of Foundation because this new law only recognizes Foundations that are registered with the District Court. The existence of unregistered Foundations, therefore, is denied and their legal status is unclear.

Second, the Foundation is eligible to run business or to invest its capital in a business entity provided that the equity does not exceed 25% of its entire assets. The business that the Foundation runs is only a means rather than a goal. Revenue, which is gained by the Foundation, should be used for public benefit. As a result, it is prohibited to give dividend to Foundation organs.

Third, in carrying out its activities, especially business activities, the Foundation should enter into legal relationship with other party. In such legal relationship, there may be unlawful act conducted by the Foundation. In this case, there should either be civil liability or criminal responsibility or both.

Key words:

- existence
- Foundation
- legal entity
- liability