Antecedents of Merger and Corporate Performance: A Legal and Financial Analysis of State-Owned Enterprise Integration in Indonesia

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Abstract

The increasing use of mergers as an instrument of State-Owned Enterprise (SOE) restructuring in Indonesia raises important questions regarding the extent to which existing legal and fiscal frameworks support the achievement of restructuring objectives. While mergers are generally expected to promote efficiency and institutional strengthening, their implementation within public enterprises involves broader legal consequences, regulatory complexities, and fiscal implications that may influence expected outcomes. This study examines the merger between Perum DAMRI and Perum PPD as a case of SOE restructuring in Indonesia's road transportation sector, focusing on legal consequences, taxation implications, and institutional implications arising from the merger process.

This study employs a normative juridical approach combined with an embedded case-study design. The research utilizes primary legal materials, statutory regulations, policy documents, corporate reports, and supporting secondary materials to conduct an integrated analysis of merger consequences within the Indonesian SOE regulatory framework.

The findings indicate that Indonesian laws and regulations provide adequate legal mechanisms governing SOE mergers, particularly regarding asset transfers, institutional integration, and corporate restructuring procedures. However, the merger generates significant fiscal consequences, especially obligations related to the transfer of land and building rights. The estimated Duty on the Acquisition of Land and Building Rights (BPHTB) burden of approximately IDR 55.417 billion demonstrates that fiscal obligations may substantially affect restructuring efficiency and post-merger integration processes. The study concludes that effective SOE restructuring requires alignment between legal frameworks, fiscal policies, and institutional arrangements. This research contributes to legal scholarship by offering an integrated perspective on the interaction between merger regulation, taxation consequences, and SOE restructuring governance.

Index Terms

State-Owned Enterprises, Merger Law, Taxation Implications, Legal Consequences, SOE Restructuring, Corporate Governance.