

Transformation of Marriage Dowry into Shares in a Limited Liability Company: A Review of Civil Law and its Implications

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Abstract

The transformation of marital dowry into shares in a Limited Liability Company marks a significant shift in the paradigm of civil and business law in Indonesia. This research explores the legal basis that enables the transformation of dowry into shares and its legal and business implications. In Islamic law in Indonesia, dowry is an obligatory gift from the prospective husband to the prospective wife which is the full right of the wife, and can be in the form of shares as per Clauses 32 of the Compilation of Islamic Law. The legal framework governing shares in Limited Liability Companies, including Clauses 48 point (1) and Clauses 52 of Law point 40 of 2007 on Limited Liability Companies, emphasizes the importance of proof of share ownership and the rights of shareholders. A normative juridical approach with qualitative analysis of legal documents and jurisprudence is used in this research. The results show that transforming dowry into shares has a strong legal basis and provides long-term financial benefits and education on share investment. However, fluctuations in share value and management risks remain a challenge. The case study shows that this transformation can inspire people to consider stocks in family financial planning. With in-depth understanding and proper documentation, the transformation of dowry into shares can provide significant financial benefits and maintain legal certainty in marriage..

Keywords: *Dowry Transformation; Shares; Civil Law; Marriage.*

Introduction

The transformation of marriage dowry into shares in a Limited Liability Company marks a significant change in the paradigm of civil law (Flavia., 2011; Menski, 2012), and exposes marriage as a foundation for broader business agreements. This practice, which is increasingly popular in modern society, illustrates a shift in the way the financial aspects of the marital relationship are viewed (Flavia., 2011; Hansmann et al., 2006; Hardwick, 2009), and illustrates the close interplay between civil law and business law. In this context, it is important to understand the legal foundations governing the transformation of dowry into shares, as well as the legal and business implications that arise as a result of this practice.

In the context of marriage, Islamic law stipulates that dowry is an obligatory gift from the prospective husband to the prospective wife (Darulhuda et al., 2023; Flavia., 2011; Hansmann et al., 2006; Hardwick, 2009; Hori & Cipta, 2019; Kabeer, 2007), to which the wife is fully entitled after marriage (Ali, 2003; Bowen, 2010; Darulhuda et al., 2023). This dowry can be in the form of goods, money, or services that are not contrary to Islamic law (Ali, 2003; Bowen, 2010; Chowdhury, 2016; Darulhuda et al., 2023). In practice, the dowry is often used as capital in business by the wife (Ali, 2003), included as shares in a limited liability company. Through a civil law review, this study aims to investigate the legal basis that enables the transformation of marital dowry into shares in a Limited Liability Company. This analysis will examine the concept of dowry in matrimonial law, relevant civil law principles, and the legal framework governing shares in a Limited Liability Company.

In addition, this research will also explore the practical implications and consequences of the transformation of dowry into shares in a business context. By exploring these implications, it is hoped to provide a deeper understanding of the dynamics of the relationship between civil law and business law and the impact on the parties involved.

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By strengthening the understanding of the transformation of marital dowry into shares in a Limited Liability Company, this research will not only provide valuable insights for legal academics and practitioners but can also provide a more comprehensive view of marriage in the context of modern law and business.

Research Methods

This research uses a normative juridical approach (Budianto, 2020; Indriati & Nugroho, 2022) with qualitative research methods (Leeuw & Schmeets, 2016; Smits, 2012) to explore and analyze the transformation of marital dowry into shares in a limited liability company from a civil law perspective.

This methodology involves several steps and data sources as follows (Jennings, 2012; Watkins & Burton, 2017):

Normative Juridical Approach

Document and Literature Study

Analysis of various legal documents, namely Marriage Law point 1 of 1974 Jo No. 16 of 2019 regulates marriage in Indonesia, including the regulation of marital property. Article 35 of this law explains marital property, which consists of joint property and inherited property, Clauses 32 of the Compilation of Islamic Law regulates the dowry in the process of marriage in Islamic law in Indonesia, Clauses 48 point (1) of Law Number 40 of 2007 emphasizes the importance of proof of share ownership to ensure legal certainty regarding share ownership and Clauses 52 of the Company Law provides rights to shareholders based on proof of ownership of their shares.

Legal Studies

Examine the legal norms governing dowry, share ownership, and their legal implications in the civil context.

Data Collection

Secondary Data: Analysis of jurisprudence or court decisions related to cases involving the transformation of dowry into shares and share ownership disputes in divorce.

Data Analysis

Descriptive Analysis

Describes the phenomenon of the transformation of dowry into shares and how this is treated in civil law.

Qualitative Analysis

Identify key themes from the data collected, such as legal implications, emerging legal challenges, and recommendations to address related legal issues.

Research Procedure

Literature and Document Collection

Collect all relevant literature, legal documents, and court decisions.

Analysis and Interpretation

Analyzing the data obtained systematically to produce in-depth findings that are relevant to the research title.

Data Validation

Source Triangulation: Comparing and validating data obtained from various sources to ensure the validity and consistency of information.

Result and Discussion

Literature Study and Review

Marriage Law Number 1 Year 1974 Jo No. 16 Year 2019 regulates marriage in Indonesia, including the regulation of marital property. Clause 35 of this law explains marital property, which consists of joint property and inherited property.

Article 35 of the Marriage Law. According to Clause 35 point (1), joint property is property acquired during the marriage. This property can be in the form of income or assets obtained by one or both spouses during the marriage period. In principle, this joint property is jointly owned by the husband and wife, regardless of who directly obtained the property. In the event of a divorce, the joint property will be divided equally between husband and wife. Clause 35 point (2) explains that congenital property is property owned by each husband or wife before the marriage took place. This property remains the personal property of each party and does not become part of the joint property. In addition to property obtained before marriage, the built-in property also includes inheritance or gifts obtained by each husband or wife during the marriage period, as long as there is no other agreement stating otherwise.

On the other hand, Clause 32 of the Compilation of Islamic Law regulates the dowry in the marriage process in Islamic law in Indonesia. Mahr is property given by the man to the bride as part of the marriage contract. Clause 32 states that the mahr must be given directly to the bride-to-be, not through an intermediary or other person, and once given, it becomes the personal right of the bride-to-be.

Thus, although inherited property generally refers to property owned before marriage, in the context of the dowry, the dowry is also considered inherited property because it becomes the personal right of the bride-to-be from the moment it is given.

In the context of inherited property that can be transferred as shares, it is important to consider the interplay between marriage law and business law. Clause 35 of the Marriage Law regulates joint and common property in marriage, while Clause 32 of the Compilation of Islamic Law regulates dowry as part of the marriage contract in Islamic law. Thus, when inherited property, including dowry, is transferred as shares in a Limited Liability Company, this raises important questions about how personal rights recognized in matrimonial law interact with ownership rights in a business context.

Clause 48 point (1) of Law Number 40 Year 2007 stipulates that a company can only issue shares in its name with the aim of ensuring legal certainty regarding share ownership. This shows the importance of clear proof of who owns shares in a company, to avoid confusion or conflicts that may arise regarding share ownership.

In the context of the transformation of marriage dowry into shares, Clause 48 point (1) emphasizes that the dowry that has been turned into shares must be given proof of share ownership to the shareholder concerned. This is important because the dowry converted into shares is an asset owned by an individual, and as a shareholder, the individual has certain rights in the company.

Clauses 52 of the Company Law grants rights to shareholders based on their proof of ownership of shares. These rights may include the right to receive dividends, voting rights in general meetings of shareholders, rights to company assets in the case of liquidation, and other rights in accordance with company regulations and applicable laws.

The transformation of marital dowry into shares in the context of marriage law and business law presents a variety of in-depth considerations. Clauses 35 of the Marriage Law and Clauses 32 of the Compilation of Islamic Law provide a legal basis related to inherited property, where the dowry is considered part of the inherited property that becomes the personal right of the bride-to-be from the time it is given. When this dowry is transferred as shares in a Limited Liability Company, there is a change in the form of ownership of personal assets into ownership shares in a business entity.

This change presents new complexities regarding individual rights in the context of business law. Clauses 48 point (1) of Law Number 40/2007 emphasizes the importance of proof of share ownership to ensure legal certainty regarding share ownership. This suggests that the transformation of dowry into shares requires clear proof of share ownership by the individual concerned, to avoid potential conflicts or legal uncertainty.

Clauses 52 of the Company Law grants rights to shareholders based on their proof of share ownership. These include the right to receive dividends, voting rights in general meetings of shareholders, and rights to company assets in the case of liquidation. Thus, individuals who transfer their dowry as shares become vested with certain rights in the company, as stipulated in the applicable legislation.

This analysis highlights the importance of understanding the legal and business implications of the transformation of marital dowry into shares. This concerns not only the rights of individuals in the context of marriage but also their rights and obligations in the context of business. Therefore, it is necessary to carefully and comprehensively analyze the interplay between marital law, business law, and individual rights in the context of the transformation of marital property into shares.

Transformation of Mahar into Shares in the Context of Marriage Law and Business in Indonesia

The transformation of dowry into shares in the context of marriage law and business law in Indonesia requires an in-depth understanding of the various legal aspects involved. Firstly, it is important to understand the relevant principles of civil law, particularly regarding joint property and inherited property. Clauses 35 of the Marriage Law Number 1 Year 1974 Number 16 Year 2019 stipulates that joint property is property acquired during marriage and jointly owned by husband and wife. Meanwhile, inherited property is property owned by each husband or wife before the marriage takes place and remains private property, including inheritance or gifts obtained during the marriage period.

In addition, in Islamic law in Indonesia, the dowry is regulated in Clauses 32 of the Compilation of Islamic Law. The dowry must be given directly to the bride-to-be and once given, becomes the personal right of the bride-to-be. Thus, although inherited property generally refers to property owned before the marriage, in the context of the dowry, the dowry is also considered inherited property because it becomes the personal right of the bride-to-be from the time it is given.

The legal framework governing shares in Limited Liability Companies is also very relevant in this context. Clauses 48 point (1) of Law Number 40/2007 on Limited Liability Companies stipulates that shares must be issued in name to ensure legal certainty regarding share ownership. This is important because a dowry converted into shares is an asset owned by an individual, and as a shareholder, the individual has certain rights in the company. Clauses 52 grants rights to shareholders based on their proof of share ownership, such as the right to receive dividends, voting rights in general meetings of shareholders, and rights to the company's assets in the case of liquidation.

The transformation of dowry into shares combines aspects of marriage law with business law, presenting complexities that require an in-depth understanding of the rights and obligations of both

parties. The dowry given in marriage under Clauses 32 of the Compilation of Islamic Law is considered as inherited property. When this dowry is in the form of shares, the shares are the personal property of the bride-to-be. The transformation of dowry into shares must follow the provisions of the Company Law, where shares issued in the name of the bride-to-be must be proven by valid share ownership documents. The bride-to-be as a shareholder will have the rights stipulated in Clauses 52 of the Company Law, including the right to receive dividends and voting rights in the RUPS.

The transformation of dowry into shares combines aspects of matrimonial law with business law, presenting complexities that require a deep understanding of the rights and obligations of both parties. Here are some recommendations to ensure legal certainty and avoid potential conflicts:

- a) Education and Understanding: Spouses should understand the rights and obligations associated with share ownership and how this affects the status of marital property.
- b) Clear Documentation: All administrative processes related to the issuance of shares in the name of the bride-to-be should be clearly and legally documented.
- c) Legal Consultation: It is advisable for the couple to consult a legal expert who understands both matrimonial and business law to ensure all legal aspects are met.
- d) Risk Management: Couples should manage the risks associated with fluctuations in share value and long-term financial implications.

With the right approach, the transformation of dowry into shares can provide significant financial benefits while maintaining legal certainty for both parties to the marriage.

Case Analysis of the Transformation of Dowry into Shares in Indonesia

The transformation of dowry into shares is a new phenomenon that is starting to attract attention in Indonesia. It combines marital traditions with modern financial instruments, providing a more dynamic and potentially more profitable alternative to conventional dowries. The two cases below provide an illustration of the application of this concept in real practice.

On August 27, 2019, bride and groom Zaga Raditya Kusumaprabu (26) and Bellawati Dityasari (26) from Solo, Central Java, chose a dowry of 2,300 shares with a value of approximately IDR 3,338,498. Zaga stated that the choice of dowry was not only for long-term investment purposes but also as a means of educating the public about stocks as an investment instrument. Zaga added that shares as a dowry will have an increasing value over time, making it a wise and beneficial choice for their future.

In Boyolali, a couple from Banaran, Dwian Wahyu Prabawa (26) and Sherly Wijayanti (25), got married with a dowry of two lots of shares worth IDR 1.58 million. According to Dwian, the main purpose of choosing stocks as dowry is for long-term investment and savings that are not easily eroded by inflation. They do not expect interest but rather focus on saving value for future needs. This choice is also expected to inspire people to consider stocks as part of family financial planning.

The transformation of dowry into shares has a strong legal basis in marriage and business in Indonesia. According to Clauses 35 of the Marriage Law Number 1 Year 1974 jo Number 16 Year 2019, joint property and inherited property are the two main categories in marriage. Dowries, including those in the form of shares, are considered inherited property and are the personal property of the bride. In addition, Clauses 32 of the Compilation of Islamic Law (KHI) states that the dowry must be given directly to the bride-to-be and becomes her personal right from the time it is given.

The legal framework governing shares in Limited Liability Companies is also relevant in this context. Clauses 48 paragraph (1) of Law Number 40/2007 on Limited Liability Companies (UUPT) stipulates that shares must be issued in name to ensure legal certainty regarding share ownership. Clauses 52 of the UUPT

grants rights to shareholders based on their proof of share ownership, such as the right to receive dividends, voting rights in the RUPS, and rights to the company's assets in the case of liquidation.

The transformation of dowry into shares provides various benefits, such as a long-term investment whose value can increase over time. It is also an educational tool for the community on the importance of investing in the stock market, as well as a way of protecting the value of assets from inflation. In addition, shareholders (in this case brides) gain certain rights within the company that can potentially provide further benefits.

However, there are some challenges that need to be faced. The value of shares can fluctuate, which means the value of the dowry can go up or down depending on market conditions. Not everyone has a good understanding of share investments, which could pose a risk of poor management. In addition, it is important to have clear and legal documentation to ensure shared ownership that does not lead to conflict or legal uncertainty.

The cases of Zaga Raditya Kusumaprabu Bellawati Dityasari and Dwian Wahyu Prabawa and Sherly Wijayanti show that the transformation of dowry into shares is a useful innovation, providing long-term investment opportunities and financial education. However, it is important to understand the legal and business implications and conduct proper documentation to maintain legal certainty and avoid conflict. With the right approach, the transformation of dowry into shares can provide significant financial benefits while maintaining legal certainty for both parties to the marriage.

Limitation

From an Islamic perspective, the dowry has various rules for its payment. The dowry can be paid in installments, paid after the marriage, and can even be demanded back if certain violations occur in the marriage. Although the coverage of law in Indonesia is quite good in legislation, the Compilation of Islamic Law has not been specifically adapted to the concept of dowry in Islam. This discrepancy has the potential to trigger conflict if not properly regulated. The limitation of this study is its inability to comprehensively explain the various phenomena of dowry payments in Islamic law that have been regulated in Indonesian legislation. This suggests the need for further research to better integrate the concept of dowry in the Compilation of Islamic Law, in order to prevent potential conflict and uncertainty in legal practice in Indonesia.

Conclusion

The transformation of marital dowry into shares in a Limited Liability Company is a phenomenon that demonstrates the integration of marital traditions with modern financial instruments, expanding the paradigm of civil and business law in Indonesia. This research confirms that this practice has a strong legal basis in matrimonial law and business law. Dowry transformed into shares is considered inherited property under Clauses 32 of the Compilation of Islamic Law and Clauses 35 of Marriage Law Number 1 of 1974 jo Number 16 of 2019, while the regulation of shares in a Limited Liability Company is governed by Clauses 48 and Clauses 52 of Law Number 40 of 2007 on Limited Liability Companies, which emphasize the importance of proof of share ownership and the rights of shareholders.

The transformation of dowry into shares provides various benefits, including long-term investments that have the potential to increase in value, as well as financial education for the public on the importance of investing in the stock market. However, this practice also presents challenges, such as fluctuations in share value and management risks that require adequate understanding and education.

The case study shows that this transformation not only provides a more dynamic alternative to conventional dowries but also has the potential to inspire people to consider stocks in family financial planning. To maintain legal certainty and avoid potential conflicts, clear and legal documentation is essential. Thus, the transformation.

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