



THE PRESIDENT
REPUBLIK INDONESIA

GOVERNMENT OF THE REPUBLIC OF INDONESIA REGULATION

NUMBER 35 OF 2021

CONCERNING

EMPLOYMENT AGREEMENT FOR A SPECIFIED PERIOD OF TIME,
OUTSOURCING, WORKING TIME AND REST TIME, AND TERMINATION OF
EMPLOYMENT

WITH THE GRACE OF THE GOD ALMIGHTY

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : whereas in order to implement the provisions of Article 81 and Article 185 letter b of Law Number 11 of 2020 concerning Job Creation, it is necessary to stipulate a Government Regulation concerning Employment Agreements for Specified Period of Time, Outsourcing, Working Time and Rest Time, and Termination of Employment;

In view of :

1. Article 5 paragraph (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 13 of 2003 concerning Manpower (State Gazette of the Republic of Indonesia Year 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279);
3. Law Number 11 of 2020 concerning Job Creation (State Gazette of the Republic of Indonesia Year 2020 Number 245, Supplement to State Gazette of the Republic of Indonesia Number 6573);



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HAS DECIDED:

To stipulate : GOVERNMENT REGULATION CONCERNING
EMPLOYMENT AGREEMENT FOR A SPECIFIED PERIOD OF
TIME, OUTSOURCING, WORKING TIME AND REST TIME,
AND TERMINATION OF EMPLOYMENT.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Government Regulation what is meant by:

1. Employment Relationship shall be a relationship between an employer and a worker/laborer based on an Employment Agreement, which has elements of work, wages and orders.
2. Worker/Laborer shall be any person who works by receiving wages or other forms of remuneration.
3. Employer shall be:
 - a. individuals, associations, or legal entities operating their own company;
 - b. individuals, associations, or legal entities independently operating companies that do not belong to them;
 - c. individuals, associations, or legal entities who are in Indonesia, representing companies as referred to in letters a and b which are domiciled outside the territory of Indonesia.



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4. Company shall be:
 - a. any form of business, either a legal entity or not, belongs to an individual, a partnership, or a legal entity, either privately owned or state owned, which employs Workers/Laborers by paying Wages or other forms of remuneration;
 - b. Social enterprises and other businesses that have management and employ other people by paying Wages or other forms of remuneration.
5. Trade Union/Labor Union shall be an organization established from, by, and for Workers/Laborers both within and outside the Company, which is free, open, independent, democratic, and responsible for fighting for, defending and protecting rights and interests of Workers/Laborers and improving the welfare of Workers/Laborers and their families.
6. Wages shall be workers'/laborers' rights received and expressed in cash as compensation from the employer to workers/laborers, set and paid according to an employment agreement, agreement, or laws and regulations, including allowances for Workers/Laborers and their families for a job and/or service that has been or will be performed.
7. Overtime shall be working time exceeding 7 (seven) hours a day and 40 (forty) hours in 1 (one) week for 6 (six) working days in 1 (one) week or 8 (eight) hours a day and 40 (forty) hours in 1 (one) week for 5 (five) working days in 1 (one) week or working time on weekly rest days and/or on official holidays stipulated by the government.
8. Overtime pay shall be the wage paid by an employer to a worker/laborer who performs a job during overtime.



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9. Employment agreement shall be an agreement between a Worker/Laborer and an entrepreneur or employer which contains the working conditions, rights and obligations of the parties.
10. *Perjanjian Kerja Waktu Tertentu* (Employment agreement for a Specified Period of Time), hereinafter referred to as PKWT, shall be an Employment agreement between a Worker/Laborer and an Employer to establish an Employment Relationship for a specified period of time or for a certain job.
11. *Perjanjian Kerja Waktu Tidak Tertentu* (Employment agreement for Unspecified Period of Time), hereinafter referred to as PKWTT, shall be an employment agreement between a worker/laborer and an employer to establish a permanent employment relationship.
12. Company Regulations shall be regulations made in writing by Employers which contain the working conditions and company rules.
13. Collective Bargaining Agreement shall be an agreement which is the result of negotiations between a Trade/Labor Union or several Trade/Labor Unions registered at the agency responsible for manpower affairs, and an employer, or several employers or a group of employers, which contains working conditions, rights and obligations of both parties.
14. Outsourcing Company shall be a business entity in the form of a legal entity that meets the requirements to perform certain jobs based on an agreement agreed with the job providing company.
15. Termination of Employment shall be the termination of an employment relationship due to certain reasons resulting in the termination of rights and obligations between



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Workers/Laborers and their employers.

- 16 National Government shall be the President of the Republic of Indonesia who holds the governmental power of the Republic of Indonesia, assisted by the Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
- 17 Labor Inspectors shall be civil servants who are fully assigned for the duties, responsibilities, powers and rights by the authorized official to conduct the activities of assisting, examining, testing, investigating and developing the labor inspection system in accordance with the provisions of laws and regulations.
- 18 Minister shall be the minister administering the government affairs in the manpower sector.

CHAPTER II

EMPLOYMENT AGREEMENT FOR A SPECIFIED PERIOD OF
TIME

Part One

General

Article 2

- (1) Employment relationship shall occur upon the occurrence of an employment agreement between an employer and a worker/laborer.



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- (2) An employment agreement shall be made either in writing or orally.
- (3) An employment agreement made in writing shall be implemented in accordance with the provisions of laws and regulations.
- (4) An employment agreement shall be made either for a specified period of time or for an unspecified period of time.

Article 3

PKWTT shall be implemented in accordance with the provisions of laws and regulations.

Part Two

Implementation of Employment Agreement for a Specified Period
of Time

Article 4

- (1) PKWT shall be based on:
 - a Period of time; or
 - b completion of a certain job.
- (2) PKWT may not be held for jobs that are permanent in nature.

Article 5



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- (1) PKWT based on the period of time as referred to in Article 4 paragraph (1) letter a shall be made for certain jobs, namely:
 - a jobs which are estimated to be completed in the not too long time;
 - b jobs that are seasonal in nature; or
 - c jobs related to new products, new activities, or additional products that are still in trial or exploration period.
- (2) PKWT based on the completion of a certain job as referred to in Article 4 paragraph (1) letter b shall be made for certain jobs, namely:
 - a one-time jobs; or
 - b jobs that are temporary in nature.
- (3) In addition to certain jobs as referred to in paragraph (1) and paragraph (2), PKWT may be implemented for other certain jobs whose types and nature or activities are not permanent.

Article 6

The jobs which are estimated to be completed in the not too long time as referred to in Article 5 paragraph (1) letter a shall be performed for a period of no longer than 5 (five) years.

Article 7

- (1) Jobs that are seasonal in nature as referred to in Article 5 paragraph (1) letter b shall be jobs whose implementation



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depends on:

- a. season or weather; or
 - b. certain conditions.
- (2) Jobs whose implementation depends on the seasons or weather as referred to in paragraph (1) letter a may only be performed in certain seasons or certain weather.
 - (3) Jobs whose implementation depends on certain conditions as referred to in paragraph (1) letter b shall be additional jobs performed to fulfill certain orders or targets.

Article 8

- (1) PKWT based on the period of time as referred to in Article 5 paragraph (1) may be made for a period of no longer than 5 (five) years.
- (2) In the event that the PKWT period as referred to in paragraph (1) will be expired and the job performed has not been completed, an extension of the PKWT may be made for a period of time in accordance with the agreement between the Employer and the Worker/Laborer, on the condition that the total period of the PKWT and its extension shall be no longer than 5 (five) years.
- (3) The service period of Workers/Laborers in the event of the extension of the PKWT period as referred to in paragraph (2) shall be counted from the time the Employment Relationship based on PKWT is occurred.

Article 9



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- (1) PKWT based on the completion of a certain job as referred to in Article 5 paragraph (2) shall be based on the agreement of the parties as stated in the Employment agreement.
- (2) The agreement of the parties as referred to in paragraph (1) shall contain:
 - a. the scope and limitations of a job is declared complete; and
 - b. the time frame for completion of the job adjusted to the completion of the job.
- (3) In the event that certain job agreed upon in the PKWT can be completed faster than the agreed time frame as referred to in paragraph (2) letter b, the PKWT will terminate by law upon the completion of the job.
- (4) In the event that the certain job agreed upon in the PKWT cannot be completed within the agreed time frame as referred to in paragraph (2) letter b, the period of the PKWT shall be extended to a certain time limit until the completion of the job.
- (5) The service period of Workers/Laborers in terms of the extension of the PKWT period as referred to in paragraph (4) shall be counted from the time the Employment Relationship based on PKWT is occurred.

Article 10

- (1) PKWT that can be implemented for other certain jobs whose types and nature or activities are not permanent as referred to in Article 5 paragraph (3) shall be in the form of certain jobs that are changing in terms of time and volume of work and



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payment of Workers/Laborers' wages is based on attendance.

- (2) PKWT as referred to in paragraph (1) may be implemented by means of daily Employment agreements.
- (3) The daily employment agreement as referred to in paragraph (2) shall be implemented on condition that the Worker/Laborer works for less than 21 (twenty one) days in 1 (one) month.
- (4) In the event that a Worker/Laborer works for 21 (twenty one) days or more for 3 (three) consecutive months or more, the daily Employment agreement as referred to in paragraph (2) shall be invalid and the Employment Relationship between the Employer and the Worker/Laborer by law changes based on PKWTT.

Article 11

- (1) An employer who employs a Worker/Laborer in the job as referred to in Article 10 paragraph (1) shall make a daily Employment agreement in writing with the Worker/Laborer.
- (2) The daily employment agreement as referred to in paragraph (1) may be made collectively and shall at least contain:
 - a name/address of the company or the employer;
 - b name/address of the Worker/Laborer;
 - c type of job performed; and
 - d Wage rate.
- (3) The employer as referred to in paragraph (1) shall be required to fulfill the rights of the Worker/Laborer, including the right



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to the social security program.

Article 12

- (1) PKWT may not require a probationary period.
- (2) In the event that a probationary period is required, the required probationary period shall be legally null and void and the working period is still calculated.

Article 13

PKWT shall at least contain:

- a. name, address of the company, and type of business;
- b. name, sex, age and address of the Worker/Laborer;
- c. Occupation or type of job;
- d. place of work;
- e. Wage rate and method of payment;
- f. rights and obligations of the employer and the worker/laborer in accordance with the provisions of laws and regulations and/or work conditions stipulated in the company regulations or collective labor agreement;
- g. commencement and validity period of the PKWT;
- h. place and date the PKWT is made; and
- i. signatures of the parties in the PKWT



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Article 14

- (1) PKWT shall be registered by the Employer with the ministry administering the governmental affairs in the manpower sector online no later than 3 (three) working days from the signing of the PKWT.
- (2) In the event that the online PKWT registration is not yet available, the registration of PKWT shall be made by the Employer in writing at the district/city office administering the governmental affairs in the manpower sector, no later than 7 (seven) working days from the signing of the PKWT.

Part Three

Provision of Compensation Money

Article 15

- (1) Employers shall be required to provide compensation money to Workers/Laborers whose employment relationship is based on PKWT.
- (2) The provision of compensation money shall be made upon the expiration of the PKWT.
- (3) The compensation money as referred to in paragraph (1) shall be provided for Workers/Laborers who have worked for no less than 1 (one) month continuously.
- (4) In case the PKWT is extended, the compensation money shall be provided upon the expiration of the PKWT period before the extension, and for the period of PKWT extension the next compensation money shall be provided after the extension of



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the PKWT period is expired or completed.

- (5) The compensation money shall not apply to foreign workers who are employed by the employer in an employment relationship based on PKWT.

Article 16

- (1) The rate of compensation money provided shall be in accordance with the following provisions:

- a. PKWT for 12 (twelve) months continuously, shall be provided with 1 (one) month of Wage;
- b. PKWT for 1 (one) month or more but less than 12 (twelve) months, shall be calculated proportionally by the formula of:

$$\frac{\text{Service period}}{12} \times 1 \text{ (one) month of Wage};$$

- c. PKWT for more than 12 (twelve) months, shall be calculated proportionally by the formula of:

$$\frac{\text{Service period}}{12} \times 1 \text{ (one) month of Wage};$$

- (2) The wage as referred to in paragraph (1) which is used as the basis for calculating the payment of compensation money shall consist of the basic Wage and fixed allowances.
- (3) In case the Wages in a Company do not use the components of the basic Wage and fixed allowances, the basis for calculating the payment of compensation money shall be Wages without allowances.
- (4) In case the Wages in the company consist of the basic Wage and non-fixed allowances, the basis for calculating the



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compensation money shall be the basic Wage.

- (5) In the event that a PKWT based on the completion of a job is completed faster than the time frame agreed in the PKWT, the compensation money shall be calculated until the time when the job is completed.
- (6) The rate of compensation money for Workers/Laborers in micro and small businesses shall be provided based on an agreement between the employer and the worker/laborer.

Article 17

In the event that one of the parties terminates the employment relationship prior to the expiration of the period stipulated in the PKWT, the employer shall be required to provide compensation money as referred to in Article 15 paragraph (1), the rate of which is calculated based on the PKWT period that has been worked by the Worker/Laborer.

CHAPTER III

OUTSOURCING

Article 18

- (1) The employment relationship between the outsourcing company and the employed workers/laborers shall be based on PKWT or PKWTT.
- (2) PKWT or PKWTT as referred to in paragraph (1) shall be made in writing.



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- (3) Protection of Workers/Laborers, Wages, welfare, working conditions, and disputes arising shall be implemented in accordance with the provisions of laws and regulations and become the responsibility of the Outsourcing Company.
- (4) Protection of Workers/Laborers, Wages, welfare, working conditions, and disputes arising as referred to in paragraph (3) shall be regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

Article 19

- (1) In the event that the Outsourcing Company employs Workers/Laborers based on PKWT, the Employment agreement shall require the transfer of rights protection for the Workers/Laborers in the event of a change of Outsourcing Company and as long as the object of work remain existed.
- (2) The requirements for transferring rights protection as referred to in paragraph (1) shall constitute a guarantee for the continuity of work for Workers/Laborers whose employment relationship is based on PKWT in the Outsourcing Company.
- (3) In the event that Workers/Laborers are not guaranteed for the continuity of work as referred to in paragraph (2), the Outsourcing Company shall be responsible for the fulfillment of Workers/Laborers' rights.

Article 20

- (1) The outsourcing company shall be in the form of a legal entity and shall comply with the business licensing issued by the National Government.



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- (2) The requirements and procedures for obtaining a business license shall be implemented in accordance with the provisions of laws and regulations regarding the norms, standards, procedures and criteria for business licensing stipulated by the National Government.

CHAPTER IV

WORKING TIME AND REST TIME

Part One

General

Article 21

- (1) Every Employer shall be required to implement the provisions of working time.
- (2) The working time as referred to in paragraph (1) shall include:
 - a. 7 (seven) hours in 1 (one) day and 40 (forty) hours in 1 (one) week for 6 (six) working days in 1 (one) week; or
 - b. 8 (eight) hours 1 in (one) day and 40 (forty) hours in 1 (one) week for 5 (five) working days in 1 (one) week.
- (3) The provisions of working time as referred to in paragraph (2) shall not apply to certain business sectors or jobs.
- (4) The implementation of working time for Workers/Laborers in the company shall be regulated in an Employment agreement,



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Company Regulation, or Collective Bargaining Agreement.

Article 22

Employers who employ Workers/Laborers during working time as referred to in Article 21 paragraph (2) shall be required to provide weekly rest time for the Workers/Laborers, including:

- a. weekly rest of 1 (one) day for 6 (six) working days in 1 (one) week; or
- b. weekly rest of 2 (two) days for 5 (five) working days in 1 (one) week.

Part Two

Working Time in Certain Business Sectors or Jobs

Article 23

- (1) Companies in certain business sector or jobs may apply working time that are less or more than the provisions as referred to in Article 21 paragraph (2).
- (2) Companies in certain business sectors or jobs that apply working time less than the provisions as referred to in paragraph (1) shall have the following characteristics:
 - a. completion of work in less than 7 (seven) hours in 1 (one) day and less than 35 (thirty five) hours in 1 (one) week;
 - b. flexible working time; or



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- c. the job can be performed outside of the work site.
- (3) Companies in certain business sectors or jobs that apply working time more than the provisions as referred to in paragraph (1), its implementation shall be in accordance with the working time stipulated by the Minister.

Article 24

- (1) In the event that there is a need for working time and rest time other than those stipulated by the Minister as referred to in Article 23 paragraph (3), the Minister may stipulate the working hours and rest time in other certain business sectors or jobs.
- (2) Further provisions regarding working time and rest time in certain business sectors or jobs as referred to in paragraph (1) shall be regulated by a Ministerial Regulation.

Article 25

- (1) The implementation of working time and working hours for Workers/Laborers employed in certain business sectors or jobs that apply working time less than the provisions as referred to in Article 21 paragraph (2), shall be regulated in an Employment agreement, Company Regulation or Collective Bargaining Agreement.
- (2) The implementation of working time and working hours for Workers/Laborers employed in certain business sectors or jobs that apply working time more than the provisions as referred to in Article 21 paragraph (2), shall be regulated in an Employment agreement, Company Regulation, or



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Collective Bargaining Agreement.

Part Three

Overtime Working Time

Article 26

- (1) Overtime working time may only be applied no longer than 4 (four) hours in 1 (one) day and 18 (eighteen) hours in 1 (one) week.
- (2) The provisions for Overtime Working Time as referred to in paragraph (1) shall not include overtime performed during weekly rest time and/or official holidays.

Article 27

- (1) Employers who employ Workers/Laborers exceeding the working time as referred to in Article 21 paragraph (2) shall be required to pay Overtime pay.
- (2) The obligation to pay Overtime pay shall be exempted for Workers/Laborers in certain occupations.
- (3) Workers/Laborers in certain occupations shall have the responsibility of being thinkers, planners, implementers, and/or controllers of the running of the Company, whose working hours cannot be limited and receive higher Wages.
- (4) Arrangements for certain class of occupations shall be regulated in an Employment agreement, Company



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Regulation, or Collective Bargaining Agreement.

- (5) In case a certain occupation class is not regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement, the Employer shall be required to pay Overtime pay.

Article 28

- (1) To implement Overtime Working Time, there shall be an order from the Employer and the approval of the Worker/Laborer concerned in writing and/or through digital media.
- (2) Orders and approvals as referred to in paragraph (1) may be made in the form of a list of Workers/Laborers willing to work overtime, signed by the Workers/Laborers concerned and the Employer.
- (3) The Employer as referred to in paragraph (2) shall prepare a list of the implementation of overtime work containing the names of the Workers/Laborers who work overtime and the length of the Overtime Hours.

Article 29

- (1) Companies that employ Workers/Laborers during Overtime Working Time shall be required to:
 - a. pay overtime pay;
 - b. provide the opportunity to rest sufficiently, and
 - c. provide food and drinks of at least 1,400 (one thousand and four hundred) kilo calories, if the overtime work is



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worked for 4 (four) hours or longer.

- (2) The provision of food and drink as referred to in paragraph (1) letter c may not be replaced in the form of money.

Article 30

provisions of overtime shall apply to all companies, except for companies in certain business sectors or jobs as referred to in Article 23 paragraph (3) and Article 24.

Part Four

Overtime Pay

Article 31

- (1) Companies that employ Workers/Laborers exceeding the working time as referred to in Article 21 paragraph (2) shall be required to pay Overtime pay with the following provisions:
 - a. for the first overtime working hour, it is 1.5 (one point five) of hourly wages; and
 - b. for each subsequent overtime working hour, it is 2 (two) times of hourly wages.
- (2) Companies that employ Workers/Laborers as referred to in paragraph (1) shall be required to pay Overtime pay, if the overtime work is performed on an weekly rest day and/or an official holiday for 6 (six) working days and 40 (forty) hours



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a week, with the following provisions:

a. The calculation of Overtime pay shall be made as follows:

1. the first hour until the seventh hour, it is paid 2 (two) times of an hourly wage;
2. the eighth hour, it is paid 3 (three) times of an hourly Wage; and
3. . the ninth hour, the tenth hour, and the eleventh hour, it is paid 4 (four) times of an hourly Wage;

b. in case the official holiday falls on the shortest working day, the calculation of Overtime pay shall be made as follows:

1. the first hour until the fifth hour, it is paid 2 (two) times of an hourly wage;
2. the sixth hour, it is paid 3 (three) times of an hourly wage; and
3. The seventh hour, the eighth hour, and the ninth hour, it is paid 4 (four) times of an hourly wage.

(3) Companies that employ Workers/Laborers as referred to in paragraph (1) shall be required to pay Overtime pay, if overtime work is performed on weekly rest days and/or official holidays for 5 (five) working days and 40 (forty)hours a week, on the condition that the calculation of Overtime pay is made as follows:

- a. the first hour until the eighth hour, it is paid 2 (two) times of an hourly wage;
- b. the ninth hour, it is paid 3 (three) times of an hourly



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wage; and

- c. the tenth hour, the eleventh hour, and the twelfth hour, it is paid 4 (four) times of an hourly wage.

Article 32

- (1) Calculation of Overtime pay shall be based on the monthly Wage.
- (2) The method of calculating an hourly Wage shall be 1/173 (one hundred seventy-three) times of a monthly Wage.
- (3) In the event that the Wage component consists of the basic Wage and fixed allowances, the basis for calculating the Overtime pay shall be 100% (one hundred percent) of the Wage.
- (4) In the event that the Wage component consists of the basic Wage, fixed allowances and non-fixed allowances, if the basic Wages plus fixed allowances are still less than 75% (seventy five percent) of the total Wages, the basis for calculating the Overtime pay shall be equal to 75% (seventy five percent) of the total Wage.

Article 33

- (1) In the event that Workers/Laborers' Wages are paid daily, the calculation of the monthly Wage shall be made with the following provisions:
 - a. Daily wage multiplied by 25 (twenty five), for Workers/Laborers who work 6 (six) working days in 1 (one) week; or



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- b. Daily wage multiplied by 21 (twenty one), for Workers/Laborers who work 5 (five) working days in 1 (one) week
- (2) In the event that the Workers/Laborers' Wages are paid on the basis of the output unit calculation, the monthly Wage shall be equal to the average income in the last 12 (twelve) months.
- (3) In the event that the monthly Wage as referred to in paragraph (2) is lower than the minimum Wage, the monthly Wage used for the calculation of Overtime pay shall be the minimum Wage applicable in the area where the Worker/Laborer works.

Article 34

- (1) In the event that the Company has paid the Overtime pay with another name and the rate of the Overtime pay calculation is equal to or higher than it, the Overtime pay calculation will still apply.
- (2) The overtime pay with other names and the calculation rate that has been made by the Company as referred to in paragraph (1) shall become Overtime pay in accordance with the provisions of this Government Regulation.
- (3) The payment of Overtime pay as referred to in paragraph (1) and paragraph (2) shall be regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.



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Prolonged Rest

Article 35

- (1) Certain companies may provide a prolonged rest .
- (2) The certain companies as referred to in paragraph (1) shall be companies that can provide prolonged rest and the implementation of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

CHAPTERV

TERMINATION OF EMPLOYMENT

Part One

Procedure for Termination of Employment

Article 36

Termination of employment may occur for the following reasons:

- a. Companies are merging, consolidating, taking over, or separating the Company and the Workers/Laborers are not willing to continue the Employment Relationship or the Employer is not willing to accept the Workers/Laborers;
- b. The company take a measure of efficiency, either followed by the closure of the company not followed by the closure of the



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company, due to the company suffering from a loss;

- c. The company closes because the company has suffered from a continuous loss for 2 (two) years;
- d. The company closes due to force majeure;);
- e. The company is in a state of postponement of debt payment obligations;
- f. The company suffers from bankruptcy;
- g. There is an application for termination of employment submitted by the Worker/Laborer on the grounds that the employer has committed the following actions:
 - 1. torturing, rudely abusing, or threatening the Worker/Laborer;
 - 2. persuading and/or ordering the Worker/Laborer to commit an act in contrary to laws and regulations;
 - 3. not paying Wages on time at the stipulated time for 3 (three) or more consecutive months, even though the Employer pays the Wages on time afterwards;
 - 4. not performing the obligations promised to the Worker/Laborer;
 - 5. ordering the Worker/Laborer to do a job outside the one agreed upon; or
 - 6. providing a job that endangers the life, safety, health and morality of the Worker/Laborer, while the job is not included in the Employment agreement;
- h. there is a decision by an industrial relations dispute settlement institution stating that the Employer has not committed the actions as referred to in letter g with regard to



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the application submitted by the Worker/Laborer and the Employer decides to terminate the employment relationship;

- i. Workers/Laborers resign of their own accord and must meet the following requirements:
 1. submitting an application for resignation in writing no later than 30 (thirty) days prior to the date of resignation;
 2. not being bound by any commitment to work for the employer (*ikatan dinas*); and
 3. continuing to perform their obligations until the date of resignation;
- j. Workers/Laborers are absent for 5 (five) or more working days consecutively without written information accompanied by valid evidence and have been properly summoned by the Employer 2 (two) times in writing;
- k. Workers/Laborers violate the provisions stipulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement and have previously been given the first, second, and third reprimands, each of which valids for a maximum of 6 (six) months unless otherwise stipulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement;
- l. Workers/Laborers are unable to perform work for 6 (six) months due to being detained by the authorities for allegedly committing a criminal act;
- m. Workers/Laborers suffer from prolonged illness or disability due to occupational accidents and are unable to perform their work after exceeding the limit of 12 (twelve) months;



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- n. Workers/Laborers reach the retirement age; or
- o. Workers/Laborers die.

Article 37

- (1) Employers, Workers/Laborers, Trade Unions/Labor Unions, and the Government shall make every effort to prevent termination of employment from occurring.
- (2) In the event that Termination of Employment Relations is unavoidable, the Employer shall notify the purpose and reasons for the termination of employment to the Worker/Laborer and/or Trade Union/Labor Union in the Company in case the Worker/Laborer concerned is a member of the Trade Union/Labor Union.
- (3) An employment termination notification shall be made in the form of a notification letter and submitted legally and properly by the Employer to the Worker/Laborer and/or Trade Union/Labor Union no later than 14 (fourteen) working days prior to the termination of employment.
- (4) In the event that the employment termination is made during the probationary period, a notification letter shall be submitted no later than 7 (seven) working days prior to the termination of employment.

Article 38

In the event that a Worker/Laborer has received a notification letter and does not refuse the Termination of Employment, the Employer shall report the Termination of Employment to the ministry administering the government affairs in the manpower sector



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and/or the provincial and district/city offices administering the government affairs in the manpower sector.

Article 39

- (1) Workers/laborers who have received a letter of termination of employment and declares refusing, he or she shall prepare a letter of rejection attached by the reasons no later than 7 (seven) working days after receiving the notification letter.
- (2) In the event of a dispute regarding the Termination of Employment, the settlement of the Termination of Employment shall be made through bipartite negotiations between the Employer and the Worker/Laborer and/or the Trade Union/Labor Union.
- (3) In the event that the bipartite negotiation as referred to in paragraph (2) does not reach the settlement, the next stage of the settlement of termination of employment shall be made through the industrial relations dispute settlement mechanism in accordance with the provisions of laws and regulations..

Part Two

Rights Arising from the Termination of Employment

Article 40

- (1) In the event of termination of employment, the Employer shall be required to pay severance pay and/or long service pay, and compensation for rights that should have been received.



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- (2) The severance pay as referred to in paragraph (1) shall be provided with the following provisions:
- a. for service period of less than 1 (one) year, 1 (one) month of wage;
 - b. for service period of 1 (one) year or more but less than 2 (two) years, 2 (two) months of Wage;
 - c. for service period of 2 (two) years or more but less than 3 (three) years, 3 (three) months Wage;
 - d. for service period of 3 (three) years or more but less than 4 (four) years, 4 (four) months of Wage;
 - e. for service period of 4 (four) years or more but less than 5 (five) years, 5 (five) months of Wage;
 - f. for service period of 5 (five) years or more, but less than 6 (six) years, 6 (six) months of Wage;
 - g. for service period of 6 (six) years or more but less than 7 (seven) years, 7 (seven) months of Wage;
 - h. for service period of 7 (seven) years or more but less than 8 (eight) years, 8 (eight) months of Wage; and
 - i. for service period of 8 (eight) years or more, 9 (nine) months of Wage.
- (3) The long service pay as referred to in paragraph (1) shall be provided with the following provisions:
- a. for service period of 3 (three) years or more but less than 6 (six) years, 2 (two) months of Wage;
 - b. for service period of 6 (six) years or more but less than 9 (nine) years, 3 (three) months of Wage;



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- c. for service period of 9 (nine) years or more but less than 12 (twelve) years, 4 (four) months of Wage;
 - d. for service period of 12 (twelve) years or more but less than 15 (fifteen) years, 5 (five) months of Wage;
 - e. for service period of 15 (fifteen) years or more but less than 18 (eighteen) years, 6 (six) months of Wage;
 - f. for service period of 18 (eighteen) years or more but less than 21 (twenty one) years, 7 (seven) months of Wage;
 - g. for service period of 21 (twenty one) years or more but less than 24 (twenty four) years, 8 (eight) months of Wage; and
 - h. for service period of 24 (twenty four) years or more, 10 (ten) months of Wage.
- (4) The compensation for rights that should have been received as referred to in paragraph (1) shall include:
- a. annual leave that has not been used and has not been expired;
 - b. costs or fees to return home for Workers/Laborers and their families to the place where Workers/Laborers are employed; and
 - c. other matters stipulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement.

Article 41

An Employer may terminate the employment relationship of a



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Worker/Laborer for the reason that the Company is merging, consolidating or separating the Company and the Worker/Laborer is not willing to continue the employment Relationship or the Employer is not willing to employ the Worker/Laborer, for which the Worker/Laborer shall be entitled to:

- a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 42

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason of taking over the Company, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).
- (2) In the event of a company takeover which results in a change in working conditions and the Worker/Laborer is not willing to continue the Employment Relationship, the Employer may terminate the employment relationship and the Worker/Laborer shall be entitled to:



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- a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 43

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the company is taking a measure of efficiency due to the company suffering from a loss, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).
- (2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the company is taking a measure of efficiency in order to prevent losses, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the



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provision of Article 40 paragraph (4).

Article 44

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the company is closed due to the company suffering continuous losses for 2 (two) years or suffering not continuously losses for 2 (two) years, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

- (2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the company closes not due to suffering a loss, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 45



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- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the company closes due to force majeure, for which Worker/Laborer shall be entitled to:
 - a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

- (2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason of a force majeure which does not lead to the closure of the Company, for which the Worker/Laborer shall be entitled to:
 - a. severance pay of 0.75 (zero point seventy five) of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 46

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Company is in a state of postponement of debt payment obligations because the Company suffers a loss, for which the Worker/Laborer shall be entitled to:



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- a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).
- (2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason the Company is in a state of postponement of debt payment obligations not because the Company suffers a loss, for which the Worker/Laborer shall be entitled to:
- a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 47

For termination of employment due to the reason of the company bankruptcy, the worker/laborer shall be entitled to:

- a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of



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Article 40 paragraph (4).

Article 48

An Employer may terminate the employment relationship of a Worker/Laborer for the reason of an application for the Termination of Employment submitted by the Worker/Laborer on the grounds that the Employer commits an act as referred to in Article 36 letter g, for which the Worker/Laborer shall be entitled to:

- a. severance pay of 1 (one) time of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); dan
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 49

An Employer may terminate the employment relationship of a Worker/Laborer for the reason of a decision by an industrial relations dispute settlement agency stating that the Employer has not committed the actions as referred to in Article 36 letter g regarding the application submitted by the Worker/Laborer, for which the Worker/Laborer shall be entitled to:

- a. Compensation for rights in accordance with the provision of Article 40 paragraph (4); and
- b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective



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Bargaining Agreement.

Article 50

Workers/Laborers who resign on their own accord and meet the requirements as referred to in Article 36 letter i, shall be entitled to:

- a. Compensation for rights in accordance with the provision of Article 40 paragraph (4); and
- b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

Article 51

An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer is absent for 5 (five) or more working days consecutively without any written information, attached by valid evidence and has been properly summoned by the Employer 2 (two) times in writing, for which the Worker/Laborer shall be entitled to:

- a. Compensation for rights in accordance with the provision of Article 40 paragraph (4); and
- b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

Article 52

- (1) An Employer may terminate the employment relationship of



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a Worker/Laborer for the reason that the Worker/Laborer violates the provisions stipulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement and has previously been given the first, second, and third reprimands in succession, for which the Worker/Laborer shall be entitled to:

- a. severance pay of 0.5 (zero point five) time of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

(2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer commits an urgent violation stipulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement, for which the Worker/Laborer shall be entitled to:

- a. Compensation for rights in accordance with the provision of Article 40 paragraph (4); and
- b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

(3) An Employer may terminate the employment relationship as referred to in paragraph (2) without notification as referred to in Article 37 paragraph (2).



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- (1) In the event that a Worker/Laborer is detained by the authorities because he or she is suspected of committing a criminal act, the Employer shall not be required to pay the Wage, but shall be required to provide assistance to the Worker/Laborer's family member(s) who depend on him or her, with the following provisions:
 - a. for 1 (one) dependent person, it is 25% (twenty five percent) of the Wage;
 - b. for 2 (two) dependents, it is 35% (thirty five percent) of the Wage;
 - c. for 3 (three) dependents, it is 45% (forty five percent) of the Wage;
 - d. for 4 (four) or more dependents, it is 50% (fifty percent) of the Wage.
- (2) The assistance as referred to in paragraph (1) shall be provided for a period of no longer than 6 (six) months from the first day the Worker/Laborer is detained by the authorities.

Article 54

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer is unable to perform the job for 6 (six) months due to being detained by the authorities for allegedly committing a criminal act as referred to in Article 36 letter l which causes loss to the Company, for which the Worker/Laborer shall be entitled to:
 - a. Compensation for rights in accordance with the



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provision of Article 40 paragraph (4); and

b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

(2) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer is unable to perform the job for 6 (six) months as a result of being detained by the authorities for allegedly committing a criminal act as referred to in Article 36 letter l which does not cause loss to the Company, for which the Worker/Laborer shall be entitled to:

a. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and

b. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

(3) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in paragraph (2) and the Worker/Laborer is found not guilty, the Employer shall re-employ the Worker/Laborer.

(4) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in paragraph (1) and the Worker/Laborer is found guilty, the Employer may terminate the employment relationship and the Worker/Laborer shall be entitled to:

a. Compensation for rights in accordance with the provision of Article 40 paragraph (4); and

b. separation pay, the rate of which is regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.



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- (5) In the event that the court decides the criminal case prior to the expiration of the 6 (six) month period as referred to in paragraph (2) and the Worker/Laborer is found guilty, the Employer may terminate the employment relationship and the Worker/Laborer shall be entitled to::
- a. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - b. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 55

- (1) An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer has a prolonged illness or disability due to an occupational accident and is unable to perform the job after exceeding the limit of 12 (twelve) months, for which the Worker/Laborer shall be entitled to:
- a. severance pay of 2 (two) times of the provision of Article 40 paragraph (2);
 - b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
 - c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).
- (2) A Worker/Laborer may apply for Termination of Employment to the Employer because the Worker/Laborer has a prolonged illness or disability due to an occupational accident and is unable to perform the job after exceeding the limit of 12 (twelve) months, for which the Worker/Laborer



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shall be entitled to:

- a. severance pay of 2 (two) times of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); dan
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 56

An Employer may terminate the employment relationship of a Worker/Laborer for the reason that the Worker/Laborer is reaching the retirement age, for which the Worker/Laborer shall be entitled to:

- a. severance pay of 1.75 (one point seventy five) times of the provision of Article 40 paragraph (2);
- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 57

Termination of employment due to the reason that the Worker/Laborer dies, the heirs shall be provided with an amount of money which is equal to:

- a. severance pay of 2 (two) times of the provision of Article 40



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paragraph (2);

- b. long service pay of 1 (one) time of the provision of Article 40 paragraph (3); and
- c. Compensation for rights in accordance with the provision of Article 40 paragraph (4).

Article 58

- (1) An Employer who enrolls his or her Workers/Laborers to a pension program in accordance with the provisions of laws and regulations in the field of pension funds, the contributions paid by the Employer may be calculated as part of the Employer's obligations for severance pay and service pay and separation pay due to termination of employment as referred to in Article 41 to Article 52 and Article 54 to Article 57.
- (2) If the calculation of the benefits of the pension program as referred to in paragraph (1) is lower than the severance pay and service pay and separation pay, the Employer shall pay the difference.
- (3) The implementation of the provisions as referred to in paragraph (1) shall be regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement.

Article 59

Employers in micro and small enterprises shall be required to pay severance pay, long service pay, compensation for rights, and/or separation pay to Workers/Laborers whose employment is



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terminated in the amount determined based on an agreement between the employers in the micro and small enterprises and the workers/Laborers

CHAPTER VI
LABOR INSPECTION

Article 60

The labor inspection on the implementation of the provisions in this Government Regulation shall be conducted by the Labor Inspector at the ministry administering the government affairs in the manpower sector and/or the provincial offices administering government affairs in the manpower sector.

CHAPTER VII
ADMINISTRATIVE SANCTIONS

Article 61

- (1) Employers who violate the provisions of Article 15 paragraph (1), Article 17, Article 21 paragraph (1), Article 22, Article 29 paragraph (1) letter b and letter c, Article 53, and/or Article 59 shall be subject to administrative sanctions in the forms of:
 - a. written reprimand;
 - b. restrictions on business activities;



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- c. temporary cessation of part or all of the means of production; and
 - d. suspension of business activities.
- (2) The administrative sanctions as referred to in paragraph (1) shall be imposed in stages.
- (3) A written reprimand as referred to in paragraph (1) letter a shall be a written reprimand of a violation committed by an Employer.
- (4) The restrictions on business activities as referred to in paragraph (1) letter b shall include:
- a. restrictions on the production capacity of goods and/or services within a certain time; and/or
 - b. postponement of granting business licenses in one or more locations for companies running projects in several locations.
- (5) The temporary cessation of part or all of the means of production as referred to in paragraph (1) letter c shall be in the form of an action of not operating part or all of the means of production of goods and/or services within a certain time.
- (6) The suspension of business activities as referred to in paragraph (1) letter d shall be in the form of an action of suspending the entire process of production of goods and/or services in the Company within a certain time.

Article 62

- (1) The Minister, relevant ministers, governors, regents/mayors, or officials appointed in accordance with their respective



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powers shall impose administrative sanctions as referred to in Article 61 paragraph (1) on Employers.

- (2) The imposition of administrative sanctions shall be provided based on the results of the inspection conducted by the Labor Inspector, based on:
 - a. complaints; and/or
 - b. follow-up to the results of the labor inspection.
- (3) The follow-up on the results of the inspection conducted by the Labor Inspector shall be contained in an inspection note.
- (4) In the event that the inspection note are not implemented by the Employer, the Labor Inspector shall submit a report of non-compliance with the provisions of laws and regulations, attached with the inspection note, to:
 - a. the director general of labor inspection at the ministry administering the government affairs in the manpower sector, for the Labor Inspector in the ministry administering the government affairs in the manpower sector; or
 - b. the head of the provincial office administering the government affairs in the manpower sector, for the Labor Inspector at the provincial office administering the government affairs in the manpower sector.
- (5) The director general or the head of office shall submit recommendations to the official authorized to impose administrative sanctions.
- (6) The relevant ministers, governors, regents/mayors, or appointed officials shall notify the imposition of administrative sanctions to the Minister.



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CHAPTER VIII

TRANSITIONAL PROVISIONS

Article 63

Upon the entry of this Government Regulation into force, PKWT that has existed and has not been expired shall still be valid until the expiration of the PKWT.

CHAPTER IX

CLOSING PROVISIONS

Article 64

Upon the entry of this Government Regulation into force:

- a. compensation money for PKWT whose period of time has not expired shall be provided in accordance with the provisions of this Government Regulation; and
- b. The rate of compensation money as referred to in letter a shall be calculated based on the service period of the Worker/Laborer whose calculation starts from the date of promulgation of Law Number 11 of 2020 concerning Job Creation.

Article 65



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Upon the entry of this Government Regulation into force, all laws and regulations which constitute the implementing regulations of Law Number 13 of 2003 concerning Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279) regulating working hours in certain business sectors or jobs shall remain in force as long as they are not contrary to this Government Regulation.

Article 66

This Government Regulation shall come into force on the date of promulgation.

For public cognizance, ordering the promulgation of this Government Regulation by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

at 2 February 2021

THE PRESIDENT OF THE
REPUBLIC OF INDONESIA,

signed



THE PRESIDENT
REPUBLIC INDONESIA

JOKO WIDODO

Promulgated in Jakarta

at 2 February

THE MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA
YEAR 2021 NUMBER 45

Copy as the original

MINISTRY OF STATE SECRETARIATE

Deputy of Laws and Regulations

Lydia Silvanna DJaman



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EXPLANATION OF

GOVERNMENT OF THE REPUBLIC OF INDONESIA REGULATION

NUMBER 35 OF 2021

CONCERNING

EMPLOYMENT AGREEMENT FOR A SPECIFIED PERIOD OF TIME,
OUTSOURCING, WORKING HOURS AND REST TIME, AND TERMINATION OF
EMPLOYMENT

I. GENERAL

The dynamics of globalization and the rapidly developing transformation of information technology have changed the social and economic order, including changes in the manpower sector. The changes are strategic challenges that demand the productivity and competitiveness of human resources as the main prerequisites for the Indonesian workforce to be able to play its role in the global economy.

In order to improve the quality of productive and competitive Indonesian workforce, the direction of development policy in the manpower sector focuses on efforts to create the widest possible job opportunities and improve protection of rights and welfare for Workers/Laborers, both during the employment and after the expiration of the employment relationship.

Therefore, a regulation is needed that is adaptively able to respond to the challenges and dynamics of employment, especially on strategic issues concerning the employment relationship which includes the arrangement of the implementation of PKWT and protection of workers/laborers therein, including PKWT Workers/Laborers employed in outsourcing activities, arrangement of Working time and rest time for Workers/Laborers, especially in certain business sectors and types of work that emphasize occupational safety and health aspects as well as



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arrangements for Termination of Employment mechanisms, including how to ensure the fulfillment of rights for Workers/Laborers whose employment is terminated.

This Government Regulation contains, among others:

- a. PKWT based on the specified period of time or the completion of a certain job;
- b. type and nature or work activities, time frame, and deadline for extension of PKWT;
- c. compensation money for PKWT Workers/Laborers;
- d. Protection of Workers/Laborers and business licensing in outsourcing activities;
- e. working time in a certain business sector or job;
- f. Overtime and Overtime Pay;
- g. Limitation for certain Companies that can implement a prolonged rest ;
- h. procedures for termination of employment; and
- i. Provision of severance pay, long service pay, and compensation for rights.

II. ARTICLE BY ARTICLE

Article 1

Self-Explanatory.

Article 2

Self-Explanatory.

Article 3

Self-Explanatory.

Article 4

Self-Explanatory.

Article 5



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Paragraph (1)

Letter a

Self-Explanatory.

Letter b

Self-Explanatory.

Letter c

What is meant by “new product” is a product that has never previously been produced or is a development of an existing product. What is meant by “new activity” is a business that is newly performed by the Company.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

Self-Explanatory.

Article 6

Self-Explanatory.

Article 7

Self-Explanatory.

Article 8

Self-Explanatory.

Article 9

Paragraph (1)



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Self-Explanatory.

Paragraph (2)

Letter a

What is meant by “the scope and limitation of a job” is the type of job and the location where the job is performed.

Letter b

Self-Explanatory.

Paragraph (3)

Self-Explanatory.

Paragraph (4)

Self-Explanatory.

Paragraph (5)

Self-Explanatory.

Article 10

Paragraph (1)

Self-Explanatory.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

Self-Explanatory.

Paragraph (4)



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What is meant by “by law” is that when the daily employment agreement does not apply due to the fulfilled provisions in this paragraph, the employment relationship between the employer and the worker/laborer does not require a written agreement or other written decision.

Article 11

Paragraph (1)

Self-Explanatory.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

What is meant by " the rights of the Worker/Laborer" includes, among others, wages, religious feast allowances, rest, leave, and employment and health social security programs.

Article 12

Self-Explanatory.

Article 13

Letter a

Self-Explanatory.

Letter b

Self-Explanatory.

Letter c

Self-Explanatory.

Letter d



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Self-Explanatory.

Letter e

Self-Explanatory.

Letter f

What is meant by “work conditions” are the rights and obligations of Employers and Workers/Laborers that have not been regulated in the provisions of laws and regulations.

Letter g

Self-Explanatory.

Letter h

Self-Explanatory.

Letter i

Self-Explanatory.

Article 14

Self-Explanatory.

Article 15

Paragraph (1)

Self-Explanatory.

Paragraph (2)

What is meant by “upon the expiration of the PKWT” is when the period of the PKWT has expired or completed.

Paragraph (3)



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Self-Explanatory.

Paragraph (4)

Self-Explanatory.

Paragraph (5)

Self-Explanatory.

Article 16

Paragraph (1)

Self-Explanatory.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

Self-Explanatory.

Paragraph (4)

Self-Explanatory.

Paragraph (5)

Self-Explanatory.

Paragraph (6)

Self-Explanatory.

Article 17

Self-Explanatory.

Article 18



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Self-Explanatory.

Article 19

Self-Explanatory.

Article 20

Self-Explanatory.

Article 21

Self-Explanatory.

Article 22

Self-Explanatory.

Article 23

Paragraph (1)

Self-Explanatory.

Paragraph (2)

Letter a

Self-Explanatory.

Letter b

What is meant by “flexible working time” is a working time arrangement which gives more freedom to Employers and Workers/Laborers in regulating working hours.

Letter c

Self-Explanatory.

Paragraph (3)



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What is meant by “certain business sectors or jobs” includes but is not limited to business in energy and mineral resources in certain areas, general mining business sector in certain operating areas, upstream oil and gas business activities, horticultural agribusiness sector, and farming sector in certain operating areas.

Article 24

Self-Explanatory.

Article 25

Self-Explanatory.

Article 26

Paragraph (1)

Self-Explanatory.

Paragraph (2)

What is meant by “official holidays” are national holidays, nationally off days, or holidays stipulated by the Local Government.

Article 27

Self-Explanatory.

Article 28

Self-Explanatory.

Article 29

Self-Explanatory.

Article 30

Self-Explanatory.



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Article 31

Self-Explanatory.

Article 32

Self-Explanatory.

Article 33

Paragraph (1)

Self-Explanatory.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

What is meant by “the minimum Wage applicable in the area where the Worker/Laborer works” is the district/city minimum wage in the event that the district/city minimum Wage is stipulated in that area.

If the dsitriect/city in the area does not have a stipulation of the district/city minimum Wage, the provincial minimum Wage applies.

Article34

Self-Explanatory.

Article35

Self-Explanatory.

Article36

Self-Explanatory.

Article 37



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Paragraph (1)

Self-Explanatory.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

The notification letter contains, among others, the purpose and reasons for Termination of Employment, compensation for Termination of Employment and other rights for Workers/Laborers that arise as a result of the Termination of Employment.

Paragraph (4)

Self-Explanatory.

Article 38

Self-Explanatory.

Article 39

Self-Explanatory.

Article 40

Self-Explanatory.

Article 41

Self-Explanatory.

Article 42

Paragraph (1)

Self-Explanatory.



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Paragraph (2)

What is meant by “change in working conditions” is a change in rights and obligations which is detrimental to the Workers/Laborers.

Article 43

Paragraph (1)

The company suffering from a loss can be proven, among others, based on the results of either internal or external audits.

Paragraph (2)

Efficiency to prevent losses is indicated by, among others, the potential for a decrease in the Company’s productivity or a decrease in profits that will have an impact on the Company’s operations.

Article 44

Paragraph (1)

What is meant by “the company is closed due to the company suffering continuous losses for 2 (two) years or suffering not continuously losses for 2 (two) years” is a company that stops operating or is unable to continue the production process due to the losses suffered even though has not reached 2 (two) years.

The company suffered from a loss can be proven, among others, based on the results of either internal or external audits.

Paragraph (2)

Self-Explanatory.

Article 45

Self-Explanatory.

Article 46



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Self-Explanatory.

Article 47

With the determination of the company bankruptcy, the employers do not have the authority to run the management and/or settlement of the bankrupt company's assets.

Therefore, the payment of severance pay, long service pay, and compensation for rights for Workers/Laborers are made by the curator.

Article48

Self-Explanatory.

Article49

Self-Explanatory.

Article50

Self-Explanatory.

Article 51

Self-Explanatory.

Article 52

Paragraph (1)

Reprimands are issued sequentially, namely:

- a. The first reprimand, valid for a period of 6 (six) months.
- b. If the Worker/Laborer violates the provisions in the Employment agreement, Company Regulation, or Collective Bargaining Agreement again within the grace period of 6 (six) months, the Employer can issue the second reprimand, which also has a validity period of 6 (six) months from the date of the issuance of the second reprimand.



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- c. If the Worker/Laborer still violates the provisions in the Employment agreement, Company Regulation, or Collective Bargaining Agreement, the Employer can issue the third (last) reprimand which is valid for 6 (six) months from the issuance of the third reprimand.

If within the period of the third reprimand the Worker/Laborer violates the Employment agreement, Company Regulation, or Collective Bargaining Agreement again, the Employer can terminate the Employment Relationship.

In the event that the period of 6 (six) months since the issuance of the first reprimand has expired, if the Worker/Laborer concerned commits another violation of the Employment agreement, Company Regulation, or Collective Bargaining Agreement, the reprimand issued by the Employer is returned as the first reprimand, which is similarly true for the second and third reprimands.

The Employment Agreement, Company Regulation, or Collective Bargaining Agreement can contain certain violations that can be provided with the first and last reprimands.

If the Worker/Laborer violates the Employment agreement, Company Regulation, or Collective Bargaining Agreement within the grace period of the first and the last reprimands, the Employer can terminate the Employment Relationship.

The grace period of 6 (six) month is intended as an effort to educate Workers/Laborers so that they can make a correction for their mistakes and, on the other hand, this 6 (six) months is sufficient time for the Employer to assess the performance of the Workers/Laborers concerned.

Paragraph (2)

The urgent violations can be regulated in an Employment agreement, Company Regulation, or Collective Bargaining Agreement so that the



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Employer can immediately terminate the employment Relationship of Workers/Laborers, for example in the case of:

- a. committing fraud, theft or embezzlement of Company property and/or money;
- b. giving false or falsified information that is detrimental to the Company;
- c. being drunk, drinking intoxicating liquor, consuming and/or distributing narcotics, psychotropic and other addictive substances in the work environment;
- d. engaging in immoral acts or gambling in the work environment;
- e. attacking, abusing, threatening, or intimidating co-workers or the Employer in the work environment;
- f. persuading a co-worker or the employer to commit an act that is contrary to laws and regulations;
- g. carelessly or deliberately damaging or leaving the Company's property in danger of causing harm to the Company;
- h. carelessly or deliberately leaving a co-worker or the employer in danger in the workplace;
- i. revealing or divulging Company secrets that should be kept secret, except for the state's interest; or
- j. committing other acts within the Company environment which are punishable by imprisonment of 5 (five) years or more.

Paragraph (3)

Self-Explanatory.

Article 53

Self-Explanatory.

Article 54

Self-Explanatory.

Article 55



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Self-Explanatory.

Article 56

Self-Explanatory.

Article 57

Self-Explanatory.

Article 58

Paragraph (1)

An example of calculating the fulfillment of employers' obligations is as follows:

Severance pay that should be received by Workers/Laborers is IDR 15,000,000.00 (fifteen million rupiah).

The amount of pension benefits according to the pension program is IDR 10,000,000.00 (ten million rupiah).

In the arrangement of the pension program, the contribution that is charged to the employer is 60% (sixty percent) and the worker/laborer is 40% (forty percent).

The contribution that has been paid by the employer is $60\% \times \text{IDR } 10,000,000.00 = \text{IDR } 6,000,000.00$.

The contribution paid by the Worker/Laborer is $40\% \times \text{IDR } 10,000,000.00 = \text{IDR } 4,000,000.00$.

So, the shortfall that still has to be paid by the employer is $\text{IDR } 15,000,000.00 - \text{IDR } 6,000,000.00 = \text{IDR } 9,000,000.00$.

Thus, the money received by a Worker/Laborer at the time of dismissal consists of:



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- a. IDR 6,000,000.00 is compensation from the pension program provider whose contribution is 60% paid by the Employer;
- b. IDR 4,000,000.00 is a benefit from the the pension program provider, the contribution of which is 40% paid by the Worker/Laborer;
- c. IDR 9,000,000.00 represents the shortage of severance pay that must be paid by the employer;

the sum of a to c is IDR 19,000,000.00 (nineteen million rupiah).

If the amount of contributions paid by the Employer is higher than the severance pay, long service pay and separation pay for the Worker/Laborer, the difference is paid to the Worker/Laborer.

Paragraph (2)

Self-Explanatory.

Paragraph (3)

Self-Explanatory.

Article 59

Self-Explanatory.

Article 60

Self-Explanatory.

Article 61

Self-Explanatory.

Article 62

Self-Explanatory.

Article 63



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Self-Explanatory.

Article 64

Self-Explanatory.

Article 65

Self-Explanatory.

Article 66

Self-Explanatory.

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