



THE PRESIDENT
REPUBLIC INDONESIA

GOVERNMENT OF THE REPUBLIC OF INDONESIA REGULATION

NUMBER 36 OF 2021

CONCERNING

WAGES

WITH THE GRACE OF THE GOD ALMIGHTY

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : whereas 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 Wages;

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);

HAS DECIDED:

To stipulate : GOVERNMENT REGULATION CONCERNING WAGES.



THE PRESIDENT
REPUBLIK INDONESIA

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation what is meant by:

1. 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.
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.
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



THE PRESIDENT
REPUBLIK INDONESIA

remuneration;

- b. Social enterprises and other businesses that have management and employ other people by paying Wages or other forms of remuneration.
5. 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.
 6. Company Regulations shall be regulations made in writing by Employers which contain the working conditions and company rules.
 7. 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, that contains working conditions, rights and obligations of both parties.
 8. 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.
 9. Termination of Employment shall be the termination of an employment relationship due to certain reasons resulting in the termination of rights and obligations between Workers/Laborers and their employers.
 10. A Trade/Labor Union shall be an organization established of, by, and for Workers/Laborers both within the Company and outside the Company, which is free, open, independent, democratic and responsible to fight for, defend and protect rights and interests of Workers/Laborers and improve the welfare of Workers/Laborers and their families.



THE PRESIDENT
REPUBLIK INDONESIA

11. 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.
12. 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.
13. Minister shall be the minister administering the government affairs in the manpower sector.

Article 2

- (1) Every Worker/Laborer shall have the right to a decent living for humanity.
- (2) Every Worker/Laborer shall have the right to receiving equal treatment in the implementation of the wage system without discrimination.
- (3) Every Worker/Laborer shall have the right to the equal Wage for the work of equal value.

Article 3

Workers/Laborers' Right to Wages shall arise upon the occurrence of an Employment Relationship between a Worker/Laborer and an Employer and shall end upon the termination of the Employment Relationship.



THE PRESIDENT
REPUBLIK INDONESIA

CHAPTER II
WAGE POLICY

Article 4

- (1) National Government shall stipulate a wage policy as one of the efforts to realize Workers/Laborers' right to a decent living for humanity.
- (2) The wage policy as referred to in paragraph (1) shall be a national strategic program.
- (3) In implementing the wage policy, Local Governments shall be required to observe the National Government's policy.

Article 5

- (1) The wage policy shall be stipulated as an effort to realize Workers/Laborers' right to a decent living for humanity.
- (2) The wage policy as referred to in paragraph (1) shall include:
 - a. minimum wage;
 - b. wage structure and scale;
 - c. overtime pay;
 - d. wages for not coming to work and/or not performing the job for certain reasons;
 - e. form and method of Wage payment;
 - f. things that can be calculated with Wages; and



THE PRESIDENT
REPUBLIK INDONESIA

- g. wages as the basis for calculating or paying other rights and obligations.

Article 6

- (1) The wage policy shall be aimed at achieving an income that meets a living for humanity.
- (2) The income as referred to in paragraph (1) shall be earned in the forms of:
 - a. Wage; and
 - b. non-Wage income.

Article 7

- (1) Wages shall consist of the following components:
 - a. Wage without allowances;
 - b. Basic wage and fixed allowances;
 - c. Basic wage, fixed allowances and non-fixed allowances; or
 - d. Basic wage and non-fixed allowances.
- (2) In the event that the Wage components consist of basic Wage and fixed allowances as referred to in paragraph (1) letter b, the rate of the basic Wage shall be at least 75% (seventy five percent) of the total amount of basic Wage and fixed allowances.
- (3) In the event that the Wage components consist of basic Wage, fixed allowances and non-fixed allowances as referred to in



THE PRESIDENT
REPUBLIK INDONESIA

paragraph (1) letter c, the rate of the basic Wage shall be at least 75% (seventy five percent) of the total amount of basic Wage and fixed allowances.

- (4) The Wage components as referred to in paragraph (1) which will be used shall be stipulated in the Employment Agreement, Company Regulation, or Collective Bargaining Agreement.
- (5) The percentage of the rate of basic Wage in the Wage components as referred to in paragraph (2) and paragraph (3) for a certain occupation or job may be regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.

Article 8

- (1) Non-Wage income shall be in the form of religious feast allowances.
- (2) In addition to the religious feast allowances as referred to in paragraph (1), Employers may provide non-Wage income in the forms of:
 - a. incentives;
 - b. bonuses;
 - c. reimbursement for work facilities; and/or
 - d. service fees for certain businesses.

Article 9

- (1) Employers shall be required to provide religious feast



THE PRESIDENT
REPUBLIK INDONESIA

allowances for Workers/Laborers.

- (2) The religious feast allowances shall be paid no later than 7 (seven) days prior to the religious feast.
- (3) Further provisions regarding religious feast allowances and its payment method shall be regulated by a Ministerial Regulation.

Article 10

- (1) Incentives may be provided by employers for workers/laborers in certain occupations or jobs.
- (2) Incentives shall be set in accordance with the Company policy.

Article 11

- (1) Bonuses may be provided by employers for workers/laborers on the benefits of the company.
- (2) Bonuses for Workers/Laborers shall be regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.

Article 12

- (1) Companies may provide work facilities for:
 - a. Workers/Laborers in certain occupations or jobs; or
 - b. all Workers/Laborers.



THE PRESIDENT
REPUBLIK INDONESIA

- (2) In the event that work facilities for Workers/Laborers are not available or insufficient, the Company may provide reimbursement for work facilities as referred to in Article 8 paragraph (2) letter c.
- (3) Provision of work facilities as referred to in paragraph (1) and provision of reimbursement for work facilities as referred to in paragraph (2) shall be regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.

Article 13

- (1) Service fees for certain businesses shall be collected and managed by the Company.
- (2) Service fees for certain businesses shall be distributed to Workers/Laborers, after being deducted by the cost of reserves against the risk of loss or damage and the quality improvement of human resources.
- (3) Provisions regarding service fees for certain businesses shall be regulated by a Ministerial Regulation.

CHAPTER III

TIME UNIT AND/OR OUTPUT UNIT-BASED WAGES

Article 14

Wages shall be determined based on:

- a. time unit; and/or



THE PRESIDENT
REPUBLIK INDONESIA

- b. Output unit.

Article 15

The time unit-based Wages as referred to in Article 14 letter a shall be set:

- a. hourly;
- b. daily; or
- c. monthly.

Article 16

- (1) The setting of hourly Wages may only be designated for Workers/Laborers working on a part time basis.
- (2) Hourly wages shall be paid based on an agreement between the employer and the worker/laborer.
- (3) The agreement as referred to in paragraph (2) may not be lower than the result of the calculation of the hourly Wage formula.
- (4) The calculation formula of Hourly Wages shall be as follows:

$$\text{Hourly wage} = \frac{\text{Monthly wage}}{126}$$

- (5) The denominator in the hourly Wage calculation formula may be reviewed in the case of significant change in the median working hours of part-time workers/laborers.
- (6) The review as referred to in paragraph (5) shall be made and its results shall be stipulated by the Minister by considering the results of examination conducted by the national wage



THE PRESIDENT
REPUBLIK INDONESIA

council.

Article 17

In the event that the Wage is set on a daily basis, the calculation of the Daily Wage shall be as follows:

- a. for a company with a working time system of 6 (six) days a week, the monthly Wage shall be divided by 25 (twenty five);
or
- b. for a company with a working time system of 5 (five) days a week, the monthly Wage shall be divided by 21 (twenty one).

Article 18

- (1) The output unit-based wages as referred to in Article 14 letter b shall be set in accordance with the agreed work products.
- (2) The setting of the Wage rate as referred to in paragraph (1) conducted by the employer based on the agreement between the Worker/Laborer and the Employer.

Article 19

The setting of monthly Wage based on the output unit as referred to in Article 14 letter b for fulfillment of the implementation of the provisions of laws and regulations, shall be set based on the average Wage of the last 12 (twelve) months received by the Worker/Laborer.

CHAPTER IV



THE PRESIDENT
REPUBLIK INDONESIA

WAGE STRUCTURE AND SCALE

Article 20

- (1) The setting of rate of the time unit-based wages as referred to in Article 14 letter a shall be conducted by observing the wage structure and scale.
- (2) In the event that the Wage in a company uses the Wage components of without allowances, the wage structure and scale shall serve as a guideline in setting the rate of Wage without allowance.
- (3) If the event that Wage in a company consists of components of basic Wage and allowances, the Wage structure and scale shall serve as a guideline in setting the rate of basic Wage.

Article 21

- (1) Employers shall be required to develop and implement the wage structure and scale in their Companies by taking into account the Companies' capabilities and productivity.
- (2) The wage structure and scale as referred to in paragraph (1) shall be notified to all Workers/Laborers individually.
- (3) The wage structure and scale notified shall be at least the wage structure and scale for the class of occupation in accordance with the occupation of the Worker/Laborer concerned.

Article 22



THE PRESIDENT
REPUBLIK INDONESIA

- (1) The wage structure and scale as referred to in Article 21 paragraph (1) shall be attached by a Company when submitting the application for:
 - a. ratification and renewal of Company Regulations; or
 - b. registration, renewal and updating of a Collective Bargaining Agreement.
- (2) The attached Wage structure and scale as referred to in paragraph (1) shall be shown to the authorized official at the ministry administering government affairs in the manpower sector and/or the office administering government affairs in the manpower sector.
- (3) After the Wage structure and scale document is shown, the authorized official as referred to in paragraph (2) shall return the Wage structure and scale document to the Company at that very moment.
- (4) In addition to attaching the Wage structure and scale as referred to in paragraph (1), the Company management shall attach a statement letter that the Wage structure and scale has been stipulated in the Company.
- (5) The statement letter as referred to in paragraph (4) shall be documented by the authorized official at the ministry administering the government affairs in the manpower sector and/or the office administering the government affairs in the manpower sector, as a proof that the Wage structure and scale has been developed.
- (6) Further provisions regarding the Wage structure and scale shall be regulated by a Ministerial Regulation.

CHAPTER V



THE PRESIDENT
REPUBLIK INDONESIA

MINIMUM WAGE

Part One

General

Article 23

- (1) The minimum wage shall be the lowest monthly wage, namely:
 - a. Wage without allowances; or
 - b. Basic wage and fixed allowances.
- (2) In the event that the Wage components in the Company consist of the basic Wage and non-fixed allowances, the basic Wage shall be at least equal to the minimum Wage.
- (3) Employers shall be prohibited from paying Wages lower than the minimum Wages.

Article 24

- (1) The minimum wage as referred to in Article 23 paragraph (1) shall apply to Workers/Laborers with a service period of less than 1 (one) year in the company concerned.
- (2) Wages for Workers/Laborers with a service period of 1 (one) year or more shall observe the Wage structure and scale.

Article 25



THE PRESIDENT
REPUBLIK INDONESIA

- (1) The minimum wage shall consist of:
 - a. Provincial minimum wage;
 - b. District/city minimum wage under certain conditions.
- (2) The minimum wage as referred to in paragraph (1) shall be set based on economic and employment conditions.
- (3) Certain conditions as referred to in paragraph (1) letter b shall include local economic growth or inflation in the district/city concerned.
- (4) The economic and employment conditions as referred to in paragraph (2) shall include the following variables:
 - a. purchasing power parity;
 - b. labor absorption rate; and
 - c. median Wages.
- (5) Data on economic growth, inflation, purchasing power parity, labor absorption rate, and median Wages shall be derived from the authorized agencies in statistics.

Article 26

- (1) The minimum Wage rate shall be adjusted annually.
- (2) The adjustment of the minimum Wage rate shall be set at a certain rate range between the upper and lower limits of minimum Wage in the local area concerned.
- (3) The upper limit of the minimum Wage as referred to in paragraph (2) shall be a reference for the highest rate of minimum Wage which can be set and calculated using the following formula:



THE PRESIDENT
REPUBLIC INDONESIA

$$\text{Upper Limit of MW}_{(t)} = \frac{\text{Average Consumption per capita}_{(t)} \times \text{Average number of HM}_{(t)}}{\text{Average number of working HM in each household}_{(t)}}$$

- (4) The lower limit of the minimum Wage as referred to in paragraph (2) shall be a reference for the lowest rate of the minimum Wage which can be set and calculated using the following formula:

$$\text{Lower Limit of MW}_{(t)} = \text{Upper Limit of MW}_{(t)} \times 50\%$$

- (5) The certain rate of minimum Wage as referred to in paragraph (2) shall be calculated based on the following formula for adjusting the rate of minimum Wage:

$$\text{MW}_{(t+1)} = \text{MW}_{(t)} + \{ \text{Max} (\text{EG}_{(t)}, \text{Inflation}_{(t)}) \left(\frac{\text{Upper Limit}_{(t)} - \text{MW}_{(t)}}{\text{Upper Limit}_{(t)} - \text{Lower Limit}_{(t)}} \right) \times \text{MW}_{(t)} \}$$

- (6) The average consumption per capita, the average number of household members, and the average number of working household members in each household as referred to in paragraph (3) shall use the data in the local area concerned.
- (7) The rate of economic growth or inflation used in the formula for adjusting the rate of minimum Wage as referred to in paragraph (5) shall be the provincial level rate of economic growth or inflation.
- (8) The data as referred to in paragraph (6) and paragraph (7) shall be derived from the authorized agencies in statistics.

Part Two

Provincial Minimum Wage

Article 27



THE PRESIDENT
REPUBLIK INDONESIA

- (1) The Governor shall be required to set the provincial minimum Wage annually.
- (2) The provincial minimum Wage rate shall be adjusted according to the calculation stages as referred to in Article 26.
- (3) The adjusted rate of provincial minimum Wage set shall be based on the result of the adjustment calculation of the minimum Wage rate as referred to in paragraph (2).
- (4) In the event that the provincial minimum Wage for the current year is higher than the upper limit of the provincial minimum Wage, the governor shall be required to set the provincial minimum Wage for the following year to be the same as the provincial minimum Wage for the current year.

Article 28

- (1) The adjustment calculation of the provincial minimum Wage rate as referred to in Article 26 paragraph (2) shall be made by the provincial Wage Council.
- (2) The results of the adjustment calculation of the provincial minimum Wage rate as referred to in paragraph (1) shall be recommended to the governor through the provincial office administering the government affairs in the manpower sector.

Article 29

- (1) The provincial minimum wage shall be stipulated by a Governor Decree and announced no later than November 21 of the current year.
- (2) In the event that November 21 falls on a Sunday, national



THE PRESIDENT
REPUBLIK INDONESIA

holiday, or official holiday, the provincial minimum Wage shall be stipulated and announced by the governor 1 (one) day prior to the Sunday, national holiday, or official holiday.

- (3) The provincial minimum wage as referred to in paragraph (1) and paragraph (2) shall take effect as from January 1 of the following year.
- (4) The implementation of the provisions as referred to in paragraph (1) and paragraph (2) shall not be in contrary with the wage policy as referred to in Article 4.

Part Three

District/City Minimum Wage

Article 30

- (1) The Governor may set the District/City Minimum Wage under certain conditions.
- (2) Certain conditions as referred to in paragraph (1) shall be:
 - a. the average economic growth of the district/city concerned during the last 3 (three) years from the available data for the same period is higher than the average economic growth of the province; or
 - b. the rate of economic growth minus inflation of the district/city concerned for the last 3 (three) years from the available data for the same period is always positive and is higher than the provincial rate.



THE PRESIDENT
REPUBLIK INDONESIA

Article 31

- (1) The district/city minimum Wage shall be stipulated after the stipulation of the provincial minimum Wage.
- (2) The district/city minimum Wage as referred to in paragraph (1) shall be higher than the provincial minimum Wage.

Article 32

- (1) The stipulation of the minimum Wages for districts/cities which have not had district/city Minimum Wages shall use the minimum Wage calculation formula with the following calculation stages:
 - a. calculating the relative rate of district/city minimum wage to the provincial minimum wage based on the purchasing power parity ratio, using the following formula:

$$D/CMW_{(F1)} = \frac{\text{District/city PPP}}{\text{Provincial PPP}} \times PMW_{(t)}$$

- b. calculating the relative rate of the district/city minimum wage to the provincial minimum wage based on the ratio of labor absorption rate, using the following formula:

$$D/CMW_{(F2)} = \frac{(1 - \text{District/city OUR})}{(1 - \text{Provincial OUR})} \times PMW_{(t)}$$

- c. calculating the relative rate of the district/city minimum wage to the provincial minimum wage based on the median Wage ratio, using the following formula:



THE PRESIDENT
REPUBLIK INDONESIA

$$D/CMW_{(F3)} = \frac{\text{District/city Median Wage}}{\text{Provincial Median Wage}} \times PMW_{(t)}$$

- d. calculating the average relative rates of D/CMW as referred to in letter a, letter b, and letter c, using the following formula:

$$D/CMW_{(t+1)} = \frac{D/CMW_{(F1)} + D/CMW_{(F2)} + D/CMW_{(F3)}}{3}$$

- (2) The variables of purchasing power parity, labor absorption rate and median Wage as referred to in paragraph (1) shall be calculated based on the average rates of the last 3 (three) years from the available data for the same period.
- (3) In the event that certain conditions as referred to in Article 30 paragraph (2) are not fulfilled, the governor may not set the minimum Wage for districts/cities which have not had district/city Minimum Wages.

Article 33

- (1) District/city minimum Wage rate calculation shall be conducted by the District/City Wage Councils.
- (2) The results of the District/city Minimum Wage calculation as referred to in paragraph (1) shall be submitted to the regent/mayor for recommendation to the governor through the provincial office administering the government affairs in the manpower sector.
- (3) In the event that the district/city minimum Wage is lower than the provincial minimum Wage, the regent/mayor may not recommend the district/city minimum Wage rate to the



THE PRESIDENT
REPUBLIK INDONESIA

governor.

Article 34

- (1) The setting of the minimum Wage for districts/cities which have had the District/city Minimum Wages shall be conducted by adjusting the rates of the minimum Wages.
- (2) The adjustment of the district/city minimum Wage rates shall be made in accordance with the calculation stages as referred to in Article 26.
- (3) Economic growth or inflation used in the formula for adjusting the minimum Wage rate as referred to in Article 26 paragraph (5) shall be the rate of economic growth or inflation at the provincial level.
- (4) The adjustment calculation of the district/city minimum Wage rate as referred to in paragraph (2) shall be conducted by the District/City Wage Councils.
- (5) The results of the adjustment calculation of the district/city minimum Wage rate as referred to in paragraph (4) shall be submitted to the regent/mayor for recommendation to the governor through the provincial office administering the government affairs in the manpower sector.
- (6) In the event that the district/city minimum Wage for the current year is higher than the upper limit of the district/city minimum Wage, the regent/mayor shall recommend to the governor that the district/city minimum Wage for the following year shall be the same as the district/city minimum Wage for the current year.



THE PRESIDENT
REPUBLIK INDONESIA

Article 35

- (1) The governor shall ask for advice and considerations to the provincial wage councils in stipulating the district/city minimum Wages recommended by the regents/mayors.
- (2) The district/city Minimum Wages shall be stipulated by a Governor Decree and announced no later than November 30 of the current year.
- (3) In the event that November 30 falls on a Sunday, national holiday, or official holiday, the provincial minimum Wage shall be stipulated and announced by the governor 1 (one) day prior to the Sunday, national holiday, or official holiday.
- (4) The district/city minimum wage as referred to in paragraph (1) and paragraph (2) shall take effect as from January 1 of the following year.
- (5) The implementation of the provisions as referred to in paragraph (1), paragraph (2), and paragraph (3) shall not be in contrary with the wage policy as referred to in Article 4.

CHAPTER VI

LOWEST WAGE FOR MICRO AND SMALL ENTERPRISES

Article 36

- (1) Provisions of the minimum wage as referred to in Article 23 to Article 35 shall be exempted for micro and small enterprises.
- (2) Wages for micro and small enterprises shall be set based on an agreement between the employer and the workers/laborers



THE PRESIDENT
REPUBLIK INDONESIA

in the company, under the following conditions:

- a. No higher than 50% (fifty percent) of the average public consumption at the provincial level; and
 - b. The agreed Wage rate shall be no higher than 25% (twenty five percent) above the poverty line at the provincial level.
- (3) The average public consumption and poverty line as referred to in paragraph (2) letter a and letter b shall use data derived from the authorized agency in statistics.

Article 37

Micro and small enterprises as referred to in Article 36 paragraph (1) shall meet certain criteria stipulated pursuant to the provisions of laws and regulations.

Article 38

Micro and small enterprises exempted from the minimum wage shall be considering the following factors:

- a. relying on traditional resources; and/or
- b. not engaged in high-tech businesses and are not capital intensive.

CHAPTER VII

WAGE PROTECTION



THE PRESIDENT
REPUBLIK INDONESIA

Part One

Overtime Pay

Article 39

Overtime pay shall be paid by employers who employ Workers/Laborers exceeding working hours, on weekly breaks, or on official holidays as compensation for the Workers/Laborers concerned in accordance with the provisions of laws and regulations.

Part Two

Wages for Workers/Laborers who not Coming to Work and/or not
Performing the Job for Certain Reasons

Article 40

- (1) Wages shall not be paid in case Workers/Laborers do not come to work and/or do not perform their jobs.
- (2) The provisions as referred to in paragraph (1) shall not apply and the Employer shall be required to pay Wages in case the Worker/Laborer:
 - a. are unavailable;
 - b. perform other activities outside of their jobs;
 - c. exercise their right to rest or leave; or
 - d. are willing to do the work promised but the employer does not employ them because of the employer's fault



THE PRESIDENT
REPUBLIK INDONESIA

or any constraints that should have been avoidable to the employer.

- (3) The reason of being unavailable, for which workers/laborers do not come to work and/or do not perform their jobs as referred to in paragraph (2) letter a shall include:
- a. Workers/laborers who are sick, preventing them from performing their jobs;
 - b. Women workers/laborers who are sick on the first and second day of their menstrual period, preventing them from performing their jobs; or
 - c. Workers/laborers do not come to work because:
 1. getting married;
 2. marrying off their child;
 3. circumcision of the child;
 4. baptism of their child;
 5. their wife giving birth or having a miscarriage;
 6. their husband, wife, parents, parents-in-law, child, and/or child-in-law dies; or
 7. Family members other than those referred to in number 6 who live in the same house die.
- (4) The reason of performing other activities outside of their jobs, for which workers/laborers do not come to work and/or do not perform their jobs as referred to in paragraph (2) letter b shall include:
- a. performing their obligations to the state;
 - b. performing their worshipping obligations as ordered by



THE PRESIDENT
REPUBLIK INDONESIA

- their religion;
- c. performing the duties of trade/labor union upon the approval of the employer and can be proven by a written notification; or
 - d. performing educational and/or training tasks from the Company.
- (5) The reason of exercising the right to rest time or leave, for which workers/laborers do not come to work and/or do not perform their jobs as referred to in paragraph (2) letter c, shall be in case the workers/Laborers exercise their:
- a. right to weekly rest;
 - b. annual leave;
 - c. prolonged rest;
 - d. pre- or post-childbirth rest; or
 - e. rest because of a miscarriage.

Article 41

- (1) Wages paid to workers/laborers who do not come to work and/or do not perform their jobs due to illness as referred to in Article 40 paragraph (3) letter a shall be as follows:
- a. for the first 4 (four) months, it is paid 100% (one hundred percent) of the Wages;
 - b. for the second 4 (four) months, it is paid 75% (seventy five percent) of the Wages;
 - c. for the third 4 (four) months, it is paid 50% (fifty percent) of the Wages; and



THE PRESIDENT
REPUBLIC INDONESIA

- d. for the other months, it is paid 25% (twenty five percent) of the Wages before Termination of Employment Relationship is taken by the Employer.
- (2) Wages paid to women workers/laborers who do not come to work and/or do not perform their jobs because of being sick on the first and second day of their menstruation as referred to in Article 40 paragraph (3) letter b shall be adjusted to the number of days undergoing menstrual pain, no more than 2 (two) days.
 - (3) Wages paid to workers/laborers who do not come to work and/or do not perform tyheir jobs as referred to in Article 40 paragraph (3) letter c shall be as follows:
 - a. The workers/laborers get married, are paid for 3 (three) days;
 - b. marry off their children, are paid for 2 (two) days;
 - c. circumcise their child, are paid for 2 (two) days;
 - d. baptize their child, are paid for 2 (two) days;
 - e. their wife gives birth or have a miscarriage, are paid for 2 (two) days;
 - f. their husband, wife, parents, parents-in-law, child and/or child in-laws die, are paid for 2 (two) days; or
 - g. family members other than those referred to in letter f who live in 1 (one) house dies, are paid for 1 (one) day.

Article 42

- (1) Workers/laborers who perform their obligations to the state as referred to in Article 40 paragraph (4) letter a, which do not



THE PRESIDENT
REPUBLIK INDONESIA

exceed 1 (one) year and the income provided by the state is lower than the Wages normally received by the workers/laborers, the Employer shall be required to pay the difference.

- (2) Workers/laborers who perform their obligations to the state as referred to in Article 40 paragraph (4) letter a, which do not exceed 1 (one) year and the income provided by the state is equal or higher than the Wages normally received by the workers/laborers, the employer shall not be required to pay.
- (3) Workers/laborers who perform their obligations to the state as referred to in paragraph (1) and paragraph (2) shall be required to notify the employer in writing.

Article 43

Employers shall be required to pay Wages to workers/laborers who do not come to work or do not perform their jobs due to performing their worshipping obligations ordered by their religion as referred to in Article 40 paragraph (4) letter b, equal to the Wages received by workers/laborers on the condition that it is only once during the workers/laborers working at the company concerned.

Article 44

Employers shall be required to pay Wages to workers/laborers who do not come to work or do not perform their jobs due to performing the duties of the Trade/Labor Union as referred to in Article 40 paragraph (4) letter c, equal to the Wages normally received by the workers/laborers.



THE PRESIDENT
REPUBLIK INDONESIA

Article 45

Employers shall be required to pay Wages to workers/laborers who do not come to work or do not perform their jobs due to performing educational and/or training tasks from the Company as referred to in Article 40 paragraph (4) letter d, equal to the Wages normally received by the workers/laborers.

Article 46

Employers shall be required to pay Wages to workers/laborers who do not come to work or do not perform their jobs due to exercising their right to rest time or leave as referred to in Article 40 paragraph (5), equal to the Wages normally received by the workers/laborers.

Article 47

The implementation of the provisions as referred to in Articles 40 to 46 shall be regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.

Part Three

Wage Review

Article 48

- (1) Employers shall periodically review Wages with due observance of the Company's capability and productivity.
- (2) The Wage Review as referred to in paragraph (1) shall be regulated in an Employment Agreement, Company



THE PRESIDENT
REPUBLIK INDONESIA

Regulation, or Collective Bargaining Agreement.

Part Four

Payment of Wages upon the Bankruptcy

Article 49

- (1) A company that is declared bankrupt or liquidated based on the provisions of laws and regulations, the Wages and other rights that have not been received by workers/laborers shall constitute debts whose payment is prioritized.
- (2) The payment of wages of workers/laborers as referred to in paragraph (1) shall be prioritized than payment to all creditors.
- (3) The payment of other rights of workers/laborers as referred to in paragraph (1) shall be prioritized than all creditors except to creditors who hold the right to property collaterals.

Article 50

In case workers/laborers falls bankrupt, the Wages and all payments arising from the Employment Relationship shall not be included in the bankruptcy unless otherwise decided by the judge on the condition of not exceeding 25% (twenty five percent) of the Wages and all payments arising from the Employment Relationship shall be paid.



THE PRESIDENT
REPUBLIK INDONESIA

Part Five

Confiscation of Wages Based on Court Orders

Article 51

In case the money provided by the Employer to pay Wages is confiscated by the bailiff based on a court order, the confiscation may not exceed 20% (twenty percent) of the total Wages to be paid.

Part Six

Workers/Laborers' Rights to Wage Information

Article 52

- (1) Workers/laborers or a legally designated proxy shall have the right to ask for information regarding Wages for themselves in the event that the information regarding Wages can only be obtained through Company documents.
- (2) In case the request for information as referred to in paragraph (1) fails, the workers/laborers or the designated proxy shall have the right to ask for assistance to the Labor Inspector.
- (3) The information as referred to in paragraph (1) and paragraph (2) shall be kept confidential in accordance with the provisions of laws and regulations.

CHAPTER VIII

WAGE FORMS AND METHODS OF PAYMENT



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REPUBLIK INDONESIA

Article 53

- (1) The employer shall be required to pay wages to the workers/laborers concerned.
- (2) The employer shall be required to provide proof of wage payment containing details of Wages received by the workers/laborers at the time of the payment of wages.
- (3) Payment of Wages by an Employer shall be made based on an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.
- (4) The wages as referred to in paragraph (1) may be paid to a third party based on a power of attorney from the workers/laborers concerned.

Article 54

- (1) Payment of Wages shall be made in the rupiah currency of the Republic of Indonesia.
- (2) The wages as referred to in paragraph (1) shall be fully paid in each period and as of the Wage payment date.

Article 55

- (1) The Employer shall be required to pay Wages at the time previously agreed between the Employer and the workers/laborers.
- (2) In the event that the agreed day or date falls on a holiday, day off, or weekly rest day, the payment of Wages shall be regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.



THE PRESIDENT
REPUBLIK INDONESIA

- (3) Wages can be paid daily, weekly or monthly.
- (4) The period of wage payment by Employers may not be longer than 1 (one) month.

Article 56

- (1) Payment of Wages shall be made at a place regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.
- (2) In the event that the place for paying Wages is not regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement, the Wage payment shall be made at the workers/laborers' place of work.

Article 57

- (1) Wages may be paid to workers/laborers in person or through banks.
- (2) In the event that the Wages are paid through a bank, the wages shall be cashable by the workers/laborers on the date of wage payment agreed by both parties.

CHAPTER IX

THINGS THAT CAN BE CALCULATED WITH WAGES

Part One

General



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REPUBLIK INDONESIA

Article 58

- (1) Things that can be calculated with Wages shall consist of:
 - a. fine;
 - b. compensation;
 - c. wage deduction;
 - d. wage advance;
 - e. rental of house and/or company property leased by the employer to the workers/laborers;
 - f. workers/laborers' debts or debt installments; and/or
 - g. wage overpayment.
- (2) Things that can be calculated with Wages as referred to in paragraph (1) shall be implemented in accordance with the Employment Agreement, Company Regulation, or Collective Bargaining Agreement.

Part Two

Fine

Article 59

- (1) Employers or workers/laborers who violate the provisions of the Employment agreement, Company Regulation, or Collective Bargaining Agreement on purpose or by neglect shall be subject to a fine if it is expressly regulated in the



THE PRESIDENT
REPUBLIK INDONESIA

Employment agreement, Company Regulation, or Collective Bargaining Agreement.

- (2) In the event that the fine is not regulated in the Employment agreement, Company Regulation, or Collective Bargaining Agreement, the imposition of fines shall refer to the applicable provisions in this Government Regulation.

Article 60

- (1) Fines on Employers or workers/laborers as referred to in Article 59 shall only be used for the benefit of workers/laborers.
- (2) The types of violations that can be subject to a fine, the amount of fine, and the use of the fine money shall be regulated in an Employment Agreement, Company Regulation or Collective Bargaining Agreement.

Article 61

- (1) Employers who are late in paying and/or do not pay Wages as referred to in Article 55 paragraph (1) shall be subject to fines, with the following conditions:
 - a. starting from the fourth day to the eighth day from the date when the Wages should be paid, a fine of 5% (five percent) shall be imposed for each day of the late payment of Wage;
 - b. after the eighth day, if the Wages are still not paid, the fine for late payment as referred to in letter a shall be added by 1% (one percent) for each day of delay on condition that 1 (one) month cannot exceed 50% (fifty



THE PRESIDENT
REPUBLIK INDONESIA

percent) of the Wage payable; and

- c. After a month, if the Wages are still not paid, the fine for late payment as referred to in letter a and letter b shall be imposed, added by the interest equal to the highest interest rate applicable to the state bank.
- (2) The imposition of a fine as referred to in paragraph (1) shall not eliminate the obligation of an Employer to continue to pay Wages to workers/laborers.

Article 62

- (1) Employers who are late in paying religious feast allowances to workers/laborers shall be subject to a fine of 5% (five percent) of the total religious feast allowances payable since the end of the deadline for the Employer is required to pay.
- (2) The imposition of fines as referred to in paragraph (1) shall not eliminate the obligation of Employers to continue to pay religious feast allowances to workers/laborers.

Part Three

Wage Deduction

Article 63

- (1) Wage deduction by an Employer may be made for the payment of:
 - a. fine;
 - b. compensation;



THE PRESIDENT
REPUBLIK INDONESIA

- c. wage deduction;
 - d. wage advance;
 - e. rental of house and/or company property leased by the employer to the workers/laborers;
 - f. workers/laborers' debts or debt installments; and/or
 - g. wage overpayment.
- (2) The wage deduction as referred to in paragraph (1) letter a, letter b, and letter c shall be made in accordance with the Employment agreement, Company Regulation, or Collective Bargaining Agreement.
 - (3) The wage deduction as referred to in paragraph (1) letter d and letter e shall be made based on a written agreement.
 - (4) The wage deduction as referred to in paragraph (1) letter f shall be made without consent of the workers/laborers.

Article 64

- (1) Wage deduction by an Employer for a third party may only be made based on a power of attorney from workers/laborers.
- (2) The power of attorney may be withdrawn at any time.
- (3) A power of attorney from a worker/laborer shall be exempted for all payment obligations by the worker/laborer to the state or contribution as a participant in the agency administering social security which is determined in accordance with the provisions of laws and regulations.

Article 65



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REPUBLIK INDONESIA

The total amount of Wage deductions as referred to in Article 63 shall be no higher than 50% (fifty percent) of each Wage payment received by workers/laborers.

CHAPTER X

WAGES AS A BASIS FOR CALCULATION OR PAYMENT OF
OTHER RIGHTS AND OBLIGATIONS

Part One

Wages as the Basis for Calculating Severance Pay and Long
Service Pay

Article 66

- (1) The Wage component used as the basis for calculating severance pay and long service pay shall consist of:
 - a. Basic wage; and
 - b. fixed allowances provided for workers/laborers and their families.
- (2) In the event that an Employer pays Wages without allowances, the basis for calculating the severance pay and long service pay shall be the Wages without allowances.
- (3) In the event that the Wage component used is the basic wage and non-fixed allowances, the basis for calculating the severance pay and long service pay shall be the basic wage.



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REPUBLIK INDONESIA

Article 67

- (1) Wages for payment of severance pay and long service pay as referred to in Article 66 shall be provided on the following conditions:
 - a in the event that the workers/laborers' income is paid on a daily basis, the monthly Wage shall be equal to 30 (thirty) multiplied by daily Wage; or
 - b in the event that the workers/laborers' Wages are paid on the basis of the output unit calculation, the monthly Wage shall be the same as the average income in the last 12 (twelve) months.
- (2) In the event that the monthly Wage as referred to in paragraph (1) letter b is lower than the minimum Wage, the Wage which is the basis for calculating severance pay and long service pay shall be the minimum Wage applicable in the area where the Workers/Laborers work.

Part Two

Wage as the Basis for Calculating Income Tax

Article 68

- (1) Wages for calculating income tax paid for income tax shall be calculated from all income received by workers/laborers.
- (2) Income tax as referred to in paragraph (1) may be charged to the Employers or workers/laborers as regulated in an Employment Agreement, Company Regulation, or Collective Bargaining Agreement.



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REPUBLIK INDONESIA

- (3) Wages for the calculation of income tax shall be implemented in accordance with the provisions of laws and regulations.

CHAPTER XI
WAGE COUNCIL

Article 69

- (1) The wage council shall consist of:
 - a. national wage council; and
 - b. provincial wage councils.
- (2) If necessary, a district/city wage council may be established.

Article 70

- (1) The national wage council shall be established by the President.
- (2) The provincial wage councils shall be established by the governors.
- (3) The district/city wage councils shall be established by the regents/mayors.

Article 71

- (1) The national wage council shall be tasked with providing advice and considerations to the National Government in the framework of:
 - a. wage policy formulation; and



THE PRESIDENT
REPUBLIK INDONESIA

- b. preparation and development of a wage system.
- (2) The provincial wage councils shall be tasked with providing advice and considerations to the governor in the framework of:
- a. setting of the provincial minimum Wage;
 - b. setting of district/city minimum Wage for districts/cities proposing; and
 - c. preparing the materials for formulation of wage system development.
- (3) District/city wage councils shall be tasked with providing advice and considerations to the regents/mayors in the framework of:
- a. Proposing district/city Minimum Wage; and
 - b. preparing the materials for formulation of wage system development.

Article 72

- (1) Membership of wage councils shall consist of elements of the government, employers' organizations, trade/labor unions, academics and experts.
- (2) Membership of wage councils from government element shall be *ex-officio* in nature.
- (3) Membership of wage councils from the elements of government, employers' organizations and trade/labor unions shall be with a ratio composition of 2: 1: 1 (two to one to one).



THE PRESIDENT
REPUBLIK INDONESIA

- (4) The number of the membership of the wage council from academics and experts shall be as the need.
- (5) The membership composition of the wage council shall consist of:
 - a. chairman, concurrently as a member from the government element in the manpower sector;
 - b. Vice Chairman of:
 1. 2 (two) people, concurrently as members from the elements of the trade/labor Unions and Employers' organizations, respectively, for the national wage council.
 2. 1 (one) person who, concurrently as a member from the academic element, for the provincial wage councils and district/city wage councils.
 - c. secretary, concurrently as a member from the government element representing the ministry administering the government affairs in the manpower sector or the office administering government affairs in the manpower sector.
- (6) The total members of the wage council as referred to in paragraph (1) shall be odd in number.

Article 73

- (1) To support the smooth implementation of their routine tasks, the national wage council, provincial wage councils and district/city wage councils shall be assisted by secretariats.
- (2) The secretariat of the national wage council shall be



THE PRESIDENT
REPUBLIK INDONESIA

established by the Minister.

- (3) The secretariats of the provincial wage councils shall be established by the governors.
- (4) The secretariats of the district/city wage councils shall be established by the regents/mayors.

Article 74

- (1) Members of the national wage council shall be appointed and dismissed by the President at the recommendation of the Minister.
- (2) Members of the provincial wage councils shall be appointed and dismissed by the governors at the recommendation of the head of the provincial offices administering the government affairs in the manpower sector.
- (3) Members of district/city wage councils shall be appointed and dismissed by the regents/mayors upon the recommendation of the head of the district/city offices administering the government affairs in the manpower sector.
- (4) Further provisions regarding the procedure for the appointment and dismissal of wage councils shall be regulated by a Ministerial Regulation.

Article 75

- (1) In order to be eligible for appointment as a member of the wage council, a candidate member shall meet the following requirements:
 - a. Indonesian citizens;



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REPUBLIK INDONESIA

- b. having educational attainment of at least a bachelor (S-1) for the national wage council and the provincial wage councils;
 - c. having educational attainment of at least a diploma-III (D-III) for the district/city wage councils; and
 - d. having experience or knowledge on wages and human resource development.
- (2) Members of wage councils from elements of the Employers' organization and Workers/Labor Unions shall be appointed for 1 (one) term of office for 3 (three) years and may be re-appointed only for 1 (one) subsequent term of office.
- (3) Members of the wage council from the elements of academics and experts shall be appointed for 1 (one) term of office for 3 (three) years and may be re-appointed only for a maximum of 2 (two) subsequent terms of office.
- (4) In addition to the expiration of their term of office, members of the wage council shall be dismissed in case of:
- a. resigning;
 - b. for 3 (three) consecutive months being unable to perform their duties;
 - c. being sentenced for committing a criminal offense by a court decision with permanent legal force;
 - d. violateing the provisions stipulated in the work procedure of the wage council; or
 - e. being proposed by the organization or agency concerned to be replaced due to organizational changes.
- (5) Replacement of a member of the wage council who is



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REPUBLIK INDONESIA

dismissed on the grounds as referred to in paragraph (4) shall be proposed by:

- a. The Minister to the President after receiving a recommendation from the relevant ministry or organization concerned, for a member of the national wage council;
- b. the head of the provincial office administering the governmental affairs in the manpower sector to the governor after receiving a recommendation from the office administering the government affairs in the related sector in the province or the organization concerned, for a member of the provincial wage council;
- c. the head of the district/city office administering the governmental affairs in the manpower sector to the regent/mayor after receiving a recommendation from the office administering the government affairs in the related sector in the district/city or the organization concerned, for a member of the district/city wage council.

(6) In the event that a member of the wage council resigns at his or her own request as referred to in paragraph (4) letter a, the request shall be submitted by the member concerned to:

- a. The Minister, with a copy to the proposing organization or agency, to be submitted to the President, for members of the national wage council;
- b. the head of the provincial office administering the governmental affairs in the manpower sector, with a copy to the proposing organization or office, to be submitted to the governor, for a member of the provincial wage council;



THE PRESIDENT
REPUBLIK INDONESIA

- c. the head of the district/city office administering the governmental affairs in the manpower sector, with a copy to the proposing organization or office, to be submitted to the regent/mayor, for a member of the district/city wage council.
- (7) Further provisions regarding the procedure for replacing members of wage councils shall be regulated by a Ministerial Regulation.

Article 76

- (1) The advice and considerations by wage councils shall be conveyed in the form of a recommendation letter.
- (2) The formulation of advice and considerations shall be developed based on deliberation for consensus.
- (3) In the event that the deliberation does not reach a consensus, a voting may be taken.
- (4) Provisions regarding the work procedure of wage councils shall be regulated by a Ministerial Regulation.

Article 77

- (1) Funding required for the performance of the duties of the national wage council shall be charged to the State Budget, the budget of the ministry administering the government affairs in the manpower sector.
- (2) Funding required for the performance of the duties of the provincial wage council shall be charged to the Provincial Budget.



THE PRESIDENT
REPUBLIK INDONESIA

- (3) Funding required for the performance of the duties of the district/city wage council shall be charged to the District/City Budget.
- (4) In addition to the sources of funding as referred to in paragraph (1), paragraph (2), and paragraph (3), the source of funding required for the performance of the duties of the wage councils may come from other legal and non-binding sources.

CHAPTER XII
SUPERVISION

Article 78

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 XIII
ADMINISTRATIVE SANCTIONS

Article 79

- (1) Employers who violate the provisions of Article 9 paragraph (1), Article 9 paragraph (2), Article 13 paragraph (2), Article 21 paragraph (1), Article 21 paragraph (2), and/or Article 53



THE PRESIDENT
REPUBLIK INDONESIA

paragraph (2) shall be subject to administrative sanctions in the forms of:

- a. written reprimand;
- b. restrictions on business activities;
- 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.



THE PRESIDENT
REPUBLIK INDONESIA

Article 80

- (1) The Minister, relevant ministers, governors, regents/mayors, or officials appointed in accordance with their respective powers shall impose administrative sanctions as referred to in Article 79 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 as referred to in paragraph (4) shall submit recommendations to the official



THE PRESIDENT
REPUBLIK INDONESIA

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.

Article 81

Provincial and district/city governments that still enforce decisions on minimum wages that are contrary to this Government Regulation shall be subject to administrative sanctions in accordance with the provisions of laws and regulations governing local governments.

CHAPTER XIV

TRANSITIONAL PROVISIONS

Article 82

Upon the entry of this Government Regulation into force:

- a. The 2021 provincial minimum wage and/or district/city minimum wage that was stipulated by the governor in 2020 shall remain in effect until December 2021;
- b. The sectoral minimum wage that was stipulated before 2 November 2020, shall remain in effect until:
 1. a decision letter regarding the setting of the sectoral minimum Wage is expired; or
 2. The provincial minimum wage and/or district/city minimum wage in the region is set to be higher than the sectoral minimum wage;



THE PRESIDENT
REPUBLIK INDONESIA

- c. Provincial sectoral minimum wage and/or district/city sectoral minimum wage which is stipulated after 2 November 2020, shall be required to be revoked by the governor no later than 1 (one) year from the date of stipulation; and
- d. the governor may no longer set the sectoral minimum Wage.

Article 83

- (1) Companies providing Wages higher than the stipulated minimum Wages, Employers shall be prohibited from reducing or lowering their Wages.
- (2) Employers violating the provisions as referred to in paragraph (1) will be subject to administrative sanctions as referred to in Article 79.

CHAPTER XV

CLOSING PROVISIONS

Article 84

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 regulating wages shall remain in force as long as they are not contrary to this Government Regulation.

Article 85

Upon the entry of this Government Regulation into force,



THE PRESIDENT
REPUBLIK INDONESIA

Government Regulation Number 78 of 2015 concerning Wages (State Gazette of the Republic of Indonesia Year 2015 Number 237, Supplement to the State Gazette of the Republic of Indonesia Number 5747), shall be revoked and declared invalid.

Article 86

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

JOKO WIDODO



THE PRESIDENT
REPUBLIK INDONESIA

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 46

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 36 OF 2021
CONCERNING
WAGES

I. GENERAL

Wage is one of the essential elements in An employment relationship, considering that the existence of a Wage is always associated with the source of income for workers/laborers to achieve a decent standard of living for themselves and their families.

The Wage dimension has a broad scope, both relating to aspects of fulfilling the basic needs of workers/laborers, as well as those relating to aspects of economic growth and expansion of job opportunities. The policy direction for the development of a wage system emphasizes the aspect of wage protection for workers/laborers to achieve prosperity by taking into account the ability of the Company and the conditions of the national economy. On this basis, it is hoped that a just wage system will be realized.

In addition, wage regulations must also be able to address the challenges of the dynamics of globalization and information technology transformation affecting on changes in the social and economic order, including changes in patterns of employment relations in the manpower sector.

Therefore, a wage regulation is needed that regulates several strategic issues, including the form of Wages, Wages for Workers/Laborers, Minimum Wages and Wages for Workers/Laborers in micro and small businesses.

The scope of this Government Regulation includes:



THE PRESIDENT
REPUBLIK INDONESIA

- a. wage policy;
- b. setting of Wage based on the time unit and/or output unit;
- c. Wage structure and scale;
- d. Minimum wage;
- e. Lowest wages for micro and small enterprises;
- f. Protection of Wages;
- g. Wage forms and methods of payment;
- h. things that can be calculated by Wages;
- i. Wages as the basis for calculation or payment of other rights and obligations;
- j. wage council; and
- k. administrative sanctions.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “receiving the same treatment” is that an employer in applying a wage system is regardless of gender, ethnicity, race, religion, color and political ideology.



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REPUBLIK INDONESIA

Paragraph (3)

What is meant by “work of equal value” is work that has the same weight and is measured by, among other things, competence, work risks and responsibilities in a company.

Article 3

What is meant by “upon the occurrence of an Employment Relationship” is since the existence of an Employment Agreement, both written and unwritten, between the employer and the worker/laborer.

What is meant by “upon the termination of the employment relationship” includes among others the death of the Worker/Laborer, the existence of a collective agreement, or the existence of a decision by an industrial relations dispute settlement institution.

Article 4

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Paragraph (1)

What is meant by “income that meets a living for humanity” is the amount of earning or income a worker/laborer earn from the results of his or her work, thereby able to meet the basic needs of the worker/laborer and his or her family properly.

Paragraph (2)

Letter a

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Letter b

What is meant by “Non-Wage Income” is the income workers/laborers receive from the Employers in the form of money to fulfill religious needs, to motivate increased productivity, or to increase the welfare of workers/laborers and their families.

Article 7

Paragraph (1)

Letter a

What is meant by “Wages without allowances” is the amount of money received by Workers/Laborers on a regular basis without any additional allowances.

For example:

The Worker A receives a Wage of IDR 3,000,000.00 (three million rupiah) as a net wage. The rate of the Wage is fully used as the basis for calculating things related to Wages, including religious feast allowances, overtime pay, severance pay, social security contributions, and others.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Paragraph (2)

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

What is meant by “a certain occupation or job” is an occupation with the responsibility of being a thinker, planner and controller of the running of a Company, including occupations of supervisors, managers, and experts with a minimum Wage rate equals to the highest Wage rate for the basis for calculating pension benefit contributions,

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

What is meant by “certain business” is a hotel business and restaurant business in hotels.



THE PRESIDENT
REPUBLIK INDONESIA

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Paragraph (1)

What is meant by “work facilities” is the means or equipment provided by the Company for a certain occupation or job or for all workers/laborers to support the performance of work.

For example: Vehicle facilities, shuttle for workers/laborers, and/or communication tools.

Letter a

What is meant by “certain occupations or jobs” is the occupations or activities that require certain facilities to support the smooth performance of the duties assigned by the Company as the recipient of work facilities.

Letter b

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Paragraph (1)

What is meant by "working on a part-time basis" is working less than 7 (seven) hours a day and less than 35 (thirty five) hours a week.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The number 126 (one hundred twenty six) is the denominator obtained from the multiplication of 29 (twenty nine) hours a week by 52 (fifty two) weeks (number of weeks in 1 (one) year) then divided by 12 (twelve) months.

29 (twenty nine) hours constitute the highest median working hours of part-time Workers/Laborers of all provinces.

Paragraph (5)

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Paragraph (6)

Self-explanatory.

Article 17

Self-explanatory.

Article 18

Self-explanatory.

Article 19

What is meant by “fulfillment of the implementation of the provisions of laws and regulations” is the fulfillment of the Employer’s obligations to workers/laborers, including but not limited to religious feast allowances, overtime pay, severance pay, long service pay and wages due to illness, as well as social security contributions and benefits.

Article 20

Paragraph (1)

The wage structure and scale is intended to:

- a. realizing a just Wage;
- b. encourage increased productivity in the Company;
- c. improve the welfare of Workers / Laborers;
- d. guarantee Wage certainty; and
- e. reduce the gap between the lowest and highest Wages.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Article 21

Paragraph (1)

The compensable factors used/selected to assess or weight the occupation in the preparation of the wage structure and scale include education, skills, and experience required by the occupation.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory .

Article 26

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Paragraph (3)

What is meant by “upper limit of $MW_{(t)}$ ” is the reference to the highest limit for the minimum Wage to be set. MW stands for Minimum Wage.

What is meant by “Average Consumption per capita $_{(t)}$ ” is the average monthly consumption per capita calculated from the national socio-economic survey in March of each year.

What is meant by “Average number of $HM_{(t)}$ ” is the average number of household members calculated from the national socio-economic survey in March of each year. HM stands for household members.

What is meant by “Average number of working HM in each household $_{(t)}$,” is the average number of working members of each household calculated from the national socio-economic survey in March of each year.

Paragraph (4)

What is meant by “Lower Limit of $MW_{(t)}$ ” is the reference to the lowest limit for the minimum Wage to be set.

What is meant by “Upper Limit of $MW_{(t)}$ ” is the reference to the highest limit for the minimum Wage to be set.

Paragraph (5)

What is meant by “ $MW_{(t+1)}$ ” is the minimum Wage to be set.

What is meant by “ $MW_{(t)}$ ” is the minimum Wage for the current year.

What is meant by “Max ($EG_{(t)}, Inflation_{(t)}$)” is the maximum function of economic growth or inflation, which is one of the highest rates of economic growth or inflation. Max stands for maximum. EG stands for Economic Growth,

What is meant by “ $EG_{(t)}$ ” is the provincial economic growth calculated from the economic growth covering the fourth quarter of the previous



THE PRESIDENT
REPUBLIK INDONESIA

year and the the first, second, and third quarters of the current year (in percent).

What is meant by “Inflation_(t)” is provincial inflation calculated from the period of the previous September to the September of the current year (in percent).

What is meant by “upper limit”, is a reference to the highest limit for the minimum Wage to be set.

What is meant by “lower limit” is the reference for the lowest limit for minimum wage to be set.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

Self-explanatory.

Article 30

Self-explanatory.



THE PRESIDENT
REPUBLIK INDONESIA

Article 31

Self-explanatory.

Article 32

Paragraph (1)

Letter a

What is meant by “ $D/CMW_{(F1)}$ ” is the rate of the district/city minimum Wage taking into account the purchasing power parity factor. D/CMW stands for District/city Minimum Wage.

What is meant by “District/City PPP” is the average purchasing power parity for the last 3 (three) years in the district/city concerned. PPP stands for Purchasing Power Parity.

What is meant by “Provincial PPP” is the average purchasing power parity for the last 3 (three) years in the province concerned.

What is meant by “ $PMW_{(t)}$ ” is the provincial minimum Wage for the current year. PMW stands for Provincial Minimum Wage.

Letter b

What is meant by “ $D/CMW_{(F2)}$ ” is the rate of the district/city minimum Wage by taking into account the labor absorption rate factor.

What is meant by “ $1 - \text{District/city OUR}$ ” is the average rate of labor absorption for the last 3 (three) years in the district/city concerned. OUR stands for Open Unemployment Rate.

What is meant by “ $1 - \text{Pprovincial OUR}$ ” is the average rate of labor absorption for the last 3 (three) years in the province concerned.



THE PRESIDENT
REPUBLIK INDONESIA

What is meant by “ $PMW_{(t)}$ ” is the provincial minimum Wage for the current year.

Letter c

What is meant by “ $D/CMW_{(F2)}$ ” is the rate of the district/city minimum Wage by taking into account the factor of median Wage of Workers/Laborers other than state officials.

What is meant by “District/city Median Wage” is the average median Wage of Workers/Laborers other than the state administrators for the last 3 (three) years in the district/city concerned.

What is meant by “Provincial Median Wage” is the average median Wage of Workers/Laborers other than the state administrators for the last 3 (three) years in the province concerned.

What is meant by “ $PMW_{(t)}$ ” is the provincial minimum Wage for the current year..

Letter d

What is meant by “ $D/CMW_{(t+1)}$ ” is the rate of the district/city minimum Wage to be set.

What is meant by “ $D/CMW_{(F1)}$ ” is the rate of the district/city minimum Wage taking into account the purchasing power parity factor.

What is meant by “ $D/CMW_{(F2)}$ ” is the rate of the district/city minimum Wage taking into account the labor absorption rate factor.

What is meant by “ $D/CMW_{(F3)}$ ” is the rate of the district/city minimum Wage taking into account the factor of median Wage of workers/laborers other than state administrators.

Paragraph (2)



THE PRESIDENT
REPUBLIK INDONESIA

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Self-explanatory.

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Paragraph (1)

Self-explanatory.

Paragraph (2)



THE PRESIDENT
REPUBLIK INDONESIA

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

What is meant by “Workers/Laborers re willing to do the work promised but the employer does not employ them”, is for example Workers/Laborers who are ordered to unload a ship but for some reason the ship does not come, the Employer must pay the Wage of the Workers/Laborers.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Self-explanatory.

Article 43



THE PRESIDENT
REPUBLIK INDONESIA

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Paragraph (1)

What is meant by “periodically” is a certain period of time which is fixed in nature or a certain period of time determined in accordance with the Company policy.

Paragraph (2)

Self-explanatory.

Article 49

Self-explanatory.

Article 50

It is possible for a Worker/Laborer to fall bankrupt due to non-payment of debts to other parties, both Employers and/or other people. In order to guarantee the life of a Worker/Laborer whose entire property is confiscated, there is a guarantee of life for himself or herself and his or her family. Therefore, in this Article Wages and other payments which are the rights of Workers/Laborers are



THE PRESIDENT
REPUBLIK INDONESIA

not included in bankruptcy. Deviation to the provisions of this article may only be made by a judge with a limit of no higher than 25% (twenty five percent).

Article 51

Self-explanatory.

Article 52

Paragraph (1)

What is meant by “Company documents” is a document containing details of wage payment of each Worker/Laborer in the company.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 53

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The power of attorney from the Worker/Laborer concerned must state a time limit or period for the payment of the Wage authorized to the third party.



THE PRESIDENT
REPUBLIK INDONESIA

Article 54

Self-explanatory.

Article 55

Self-explanatory.

Article 56

Self-explanatory.

Article 57

Self-explanatory.

Article 58

Self-explanatory.

Article 59

Self-explanatory.

Article 60

Self-explanatory.

Article 61

Self-explanatory.

Article 62

Self-explanatory.

Article 63

Self-explanatory.

Article 64



THE PRESIDENT
REPUBLIK INDONESIA

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Self-explanatory.

Article 67

Paragraph (1)

Self-explanatory.

Paragraph (2)

What is meant by “M minimum Wage applicable in the area where the Workers/Laborers work” is the District/city Minimum Wage in the event that in the area a District/city Minimum Wage is set. If in the district/city in the area there is no any district/city minimum Wage set, the provincial minimum Wage will apply.

Article 68

Self-explanatory.

Article 69

Self-explanatory.

Article 70

Self-explanatory.

Article 71

Paragraph (1)



THE PRESIDENT
REPUBLIK INDONESIA

In order to provide advice and considerations to the government, the national wage council can organize various activities such as studies, analysis, coordination and cooperation with related parties.

Paragraph (2)

In order to provide advice and considerations to the governors, the provincial wage councils can organize various activities such as studies, analysis, coordination and cooperation with related parties.

Paragraph (3)

In order to provide advice and considerations to the regents/mayors, the district/city wage councils can organize various activities such as studies, analysis, coordination and cooperation with related parties.

Article 72

Self-explanatory.

Article 73

Self-explanatory.

Article 74

Self-explanatory.

Article 75

Self-explanatory.

Article 76

Self-explanatory.

Article 77

Self-explanatory.

Article 78



THE PRESIDENT
REPUBLIK INDONESIA

Self-explanatory.

Article 79

Self-explanatory.

Article 80

Self-explanatory.

Article 81

Self-explanatory.

Article 82

Self-explanatory.

Article 83

Self-explanatory.

Article 84

Self-explanatory.

Article 85

Self-explanatory.

Article 86

Self-explanatory.