

Government Regulation No. 35 of 2021 on Fixed-Term Employment Agreements, Outsourcing, Working Time and Rest Periods, and Termination of Employment

Complete original main provisions (42 pages) and separate elucidation (15 pages).

SOURCE AND TRANSLATION RECORD

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PART 1 - MAIN PROVISIONS

Source sequence 1-42. Machine translation from the official source recorded on the cover.

State Gazette

Republic of Indonesia

No.45, 2021 Employment. certain time employment agreement. outsourcing. working time. Rest.
termination of employment. revocation.

(Explanation in Supplement to the State Gazette of the Republic of Indonesia Number
6647)

Government Regulation of the Republic of Indonesia

Number 35 Year 2021

About

**certain time work agreements, outsourcing, working time and
rest time and termination of employment**

With the grace of God Almighty

President of the Republic of Indonesia,

Considering: that in order to implement the provisions of Article 81 and Article 185 letter b of Law
Number 11 of 2020 concerning Employment, it is necessary to stipulate a Government Regulation
concerning a Certain Time Work Agreement, 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 of 2003 Number 39, Supplement to the State Gazette of the Republic
of Indonesia Number 4279);
3. Law Number 11 of 2020 concerning Employment (State Gazette of the
Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of
the Republic of Indonesia Number 6573);

DECIDE:

stipulate: Government Regulation on Agreement

certain time work, outsourcing, working time

and rest time, and termination

working relationship.

CHAPTER I

General Terms

Article 1

In this Government Regulation what is meant by:

1. Employment relationship is the relationship between employers and workers/laborers based on work agreements, which have elements of work, wages, and orders.
2. Worker/labor is any person who works by receiving wages or rewards in other forms.
3. Entrepreneurs are:
 - a. individual, partnership, or legal entity that runs a company of its own;
 - b. Individuals, partnerships, or legal entities that independently run the company are not owned by them;
 - c. Individuals, partnerships, or legal entities residing in Indonesia represent the Company as referred to in letters a and b domiciled outside the territory of Indonesia.
4. The company is:
 - a. Any form of business that is a legal entity or not, belongs to an individual, belongs to a partnership, or belongs to a legal entity, both privately owned and state-owned that employs workers/laborers by paying wages or compensation in other forms;
 - b. Social businesses and other businesses that have administrators and employ other people by paying wages or rewards in other forms.

5. Trade unions/labor unions are organizations formed from, by, and for workers/laborers both in the company and outside the company, which are free, open, independent, democratic, and responsible for fighting for, defending and protecting the rights and interests of workers/laborers and improving the welfare of workers/laborers and their families.
6. Wages are the rights of workers/laborers received and expressed in the form of money in return from the employer or employer to the worker/labourer which is determined and paid according to a work agreement, agreement, or legislation, including allowances for workers/labourers and their families for a job and/or service that has been or will be carried out.
7. Overtime working time is working time that exceeds 7 (seven) hours a day and 40 (forty) hours 1 (one) week for 6 (six) working days in 1 (one) week or 8 (eight) hours a day and 40 (forty) hours 1 (one) week for 5 (five) working days in 1 (one) week or working time on weekly rest days and/or on official holidays determined by the Government.
8. Wages for overtime work are wages paid by employers to workers/labourers who carry out work during overtime work.
 9. Employment Agreement is an agreement between the worker/laborer and the employer or the employer that contains the terms of work, rights, and obligations of the parties.
 10. A certain time work agreement, hereinafter abbreviated as PKWT, is a work agreement between a worker/laborer and an employer to establish an employment relationship within a certain time or for a certain job.
 11. Unspecified Time Employment Agreement, hereinafter abbreviated as PKWTT, is a work agreement between worker/labourer and employer to establish a permanent employment relationship.
 12. Company regulations are regulations made in writing by entrepreneurs that contain the terms of work and company rules.
 13. A Collective Labor Agreement is an agreement which is the result of negotiations between a trade union/labor union or several trade unions/labor unions registered with the agency responsible for employment with the employer, or several employers or associations of employers that contain the terms of work, rights, and obligations of both parties.
 14. The outsourcing company is a business entity in the form of a legal entity that meets the requirements to carry out certain work based on an agreement agreed with the company that provides the job.

15. Termination of employment is the termination of the employment relationship due to a certain matter that results in the end of the rights and obligations between the worker/labourer and the employer.
16. The Central Government is the President of the Republic of Indonesia who holds the power of the Government of the Republic of Indonesia who is assisted by the Vice President and the Minister as referred to in the 1945 Constitution of the Republic of Indonesia.
17. Labor inspector is a civil servant who is given full duties, responsibilities, authorities, and rights by the authorized official to carry out the activities of guidance, examination, testing, investigation, and development of the labor supervision system in accordance with the provisions of the legislation.
18. The Minister is the Minister who carries out government affairs in the field of Manpower.

CHAPTER II

certain time work agreement

Part One

General

Article 2

- (1) The employment relationship occurs because of a work agreement between the employer and the worker/labour.
- (2) Employment agreements are made in writing or orally.
- (3) The work agreement made in writing is carried out in accordance with the provisions of the legislation.
- (4) Employment agreements are made for a certain time or for an indefinite period.

Article 3

PKWTT is carried out in accordance with the provisions of the legislation.

The second part

implementation of a certain time work agreement

Article 4

(1) PKWT is based on:

- a. time period; or

b. completion of a particular job.

(2) PKWT cannot be held for permanent work.

Article 5

(1) PKWT based on the period as referred to in Article 4 paragraph (1) letter a is made for certain jobs, namely:

a. work that is estimated to be completed in a short time;

b. seasonal work; or

c. Jobs related to new products, new activities, or additional products that are still under trial or exploration.

(2) PKWT based on the completion of a certain work as referred to in Article 4 paragraph (1) letter b is made for certain jobs, namely:

a. once completed work; or

b. temporary work.

(3) In addition to certain work as referred to in paragraph (1) and paragraph (2), PKWT can be carried out on certain other work whose type and nature or activities are not fixed.

Article 6

The work which is estimated to be completed in the not too long time as referred to in Article 5 paragraph (1) letter a is carried out for a maximum of 5 (five) years.

Article 7

(1) Seasonal work as referred to in Article 5 paragraph (1) letter b is a work whose implementation depends on:

a. season or weather; or

b. certain conditions.

(2) Work whose implementation depends on the season or weather as referred to in paragraph (1) letter a can only be carried out in certain seasons or certain weather.

(3) Work whose implementation depends on certain conditions as referred to in paragraph

(1) Letter b is additional work carried out to fulfill certain orders or targets.

Article 8

- (1) PKWT based on the period as referred to in Article 5 paragraph (1) can be made for a maximum of 5 (five) years.
- (2) In the event that the period of PKWT as referred to in paragraph (1) will end and the work carried out has not been completed, the PKWT extension can be carried out with a period of time according to the agreement between the Employer and the Worker/Labourer, provided that the total period of PKWT and its extension is not more than 5 (five) years.
- (3) The working period of the Worker/Labourer in the case of the extension of the PKWT period as referred to in paragraph (2) will still be calculated from the occurrence of the Employment Relationship based on the PKWT.

Article 9

- (1) PKWT based on the completion of a certain work as referred to in Article 5 paragraph (2) is based on the agreement of the parties as outlined in the work agreement.
- (2) The agreement of the parties as referred to in paragraph (1) contains:
 - a. the scope and limitations of a job are declared complete; and
 - b. The length of time to complete the work is adjusted to the completion of a job.
- (3) In the event that certain work agreed in the PKWT can be completed more quickly than the agreed length of time as referred to in paragraph (2) letter b, the PKWT is terminated by law at the time of completion of the work.
- (4) In the event that certain work agreed in the PKWT cannot be completed according to the agreed length of time as referred to in paragraph (2) letter b, the PKWT period is extended until a certain time limit until the completion of the work.
- (5) The working period of the Worker/Labourer in the case of the extension of the PKWT period as referred to in paragraph (4) is still calculated from the occurrence of the Employment Relationship based on the PKWT.

Article 10

- (1) PKWT that can be carried out on other certain jobs whose type and nature or activities are not fixed as referred to in Article 5 paragraph (3) in the form of certain jobs that change in terms of time and volume of work as well as payment of wages for workers/laborers based on attendance.

- (2) The PKWT as referred to in paragraph (1) can be carried out with a daily work agreement.
- (3) The daily work agreement as referred to in paragraph (2) is carried out provided that the worker/labourer works for less than 21 (twenty one) days in 1 (one) month.
- (4) In the event that the Worker/Labourer works 21 (twenty one) days or more for 3 (three) consecutive months or more, the daily work agreement as referred to in paragraph (2) becomes invalid and the employment relationship between the Employer and the Worker/Labourer by Law changes based on the PKWTT.

Article 11

- (1) Employers who employ workers/labor on the work as referred to in Article 10 paragraph (1) make a written daily work agreement with the worker/labourer.
- (2) The daily work agreement as referred to in paragraph (1) may be made collectively and at least contains:
 - a. the name/address of the company or the employer;
 - b. name/address of worker/labor;
 - c. type of work performed; and
 - d. the amount of wages.
- (3) Employers as referred to in paragraph (1) are obliged to fulfill the rights of workers/laborers including the right to the Social Security program.

Article 12

- (1) PKWT cannot require a probationary period.
- (2) In the event that the probationary period is required, the required probationary period is null and void by law and the period of service is still calculated.

Article 13

PKWT at least contains:

- a. name, address of the company, and the type of business;
- b. name, gender, age, and address of the worker/laborer;
- c. position or type of work;
- d. place of work;
- e. the amount and method of payment of wages;

- f. the rights and obligations of the Employer and Worker/Labourer in accordance with the provisions of the legislation and/or the terms of work regulated in Company Regulations or Collective Labor Agreements;
- g. the start and period of the PKWT;
- h. place and date of PKWT made; and
- i. the signatures of the parties in the PKWT.

Article 14

- (1) PKWT must be registered by the entrepreneur at the Ministry that administers government affairs in the field of manpower online no later than 3 (three) working days from the signing of the PKWT.
- (2) In the event that the online recording of PKWT is not yet available, the PKWT recording is carried out by the entrepreneur in writing at the Office that carries out government affairs in the field of Regency/City Manpower, a maximum of 7 (seven) working days from the signing of the PKWT.

Third part

compensation money

Article 15

- (1) Employers are obliged to provide compensation money to workers/laborers whose working relationship is based on PKWT.
- (2) The provision of compensation money is carried out at the end of the PKWT.
- (3) The compensation money as referred to in paragraph (1) is given to workers/laborers who have had a working period of at least 1 (one) month continuously.
- (4) If the PKWT is extended, the compensation money is given when the PKWT period is completed before the extension and against the extension period of the PKWT, the next compensation money is given after the extension of the PKWT period ends or is completed.
- (5) The provision of compensation money does not apply to foreign workers employed by the employer in an employment relationship based on PKWT.

Article 16

- (1) The amount of compensation money is given in accordance with the following conditions:
 - a. PKWT for 12 (twelve) months continuously, given in the amount of 1 (one) month wages;

- b. PKWT for 1 (one) month or more but less than 12 (twelve) months, calculated proportionally by the calculation:

working period x 1 (one) month wages;

12

- c. PKWT for more than 12 (twelve) months, calculated proportionally by the calculation:

working period x 1 (one) month wages.

12

- (2) The wages as referred to in paragraph (1) which are used as the basis for calculating the payment of compensation money consist of basic wages and fixed allowances.
- (3) In the event that the wages in the company do not use the basic wage component and fixed allowances, the basis for calculating the payment of compensation money is wages without allowances.
- (4) In the event that the wages in the company consist of basic wages and non-permanent allowances, the basis for calculating compensation money is basic wages.
- (5) In the event that the PKWT based on the completion of a job is completed faster than the length of time agreed in the PKWT, the compensation money is calculated until the completion of the work.
- (6) The amount of compensation money for workers/laborers on micro and small businesses is given based on an agreement between the employer and the worker/labour.

Article 17

In the event that one of the parties terminates the employment relationship before the expiration of the period stipulated in the PKWT, the Employer is obliged to provide compensation money as referred to in Article 15 paragraph (1) whose amount is calculated based on the PKWT period that has been carried out by the worker/labourer.

CHAPTER III

outsourcing

Article 18

- (1) The working relationship between the outsourcing company and the employed worker/labourer is based on PKWT or PKWTT.
- (2) PKWT or PKWTT as referred to in paragraph (1) must be made in writing.
- (3) The protection of workers/laborers, wages, welfare, work conditions, and disputes that arise are carried out in accordance with the provisions of the legislation and are the responsibility of the outsourcing company.
- (4) The protection of workers/laborers, wages, welfare, terms of work, and disputes that arise as referred to in paragraph (3) are regulated in a work agreement, company regulation, or collective labor agreement.

Article 19

- (1) In the event that the outsourcing company employs workers/laborers based on PKWT, the employment agreement must require the transfer of the protection of the rights of workers/laborers in the event of a change of outsourcing company and as long as the object of the work remains.
- (2) The requirements for the transfer of rights protection as referred to in paragraph (1) are guarantees for the continuity of work for workers/laborers whose employment relationships are based on PKWT in outsourcing companies.
- (3) In the event that the Worker/Labourer does not obtain a guarantee for the continuity of work as referred to in paragraph (2), the Outsourcing Company is responsible for the fulfillment of the rights of the Worker/Labourer.

Article 20

- (1) The outsourcing company must be in the form of a legal entity and must fulfill the business license issued by the central government.
- (2) The requirements and procedures for obtaining business permits are implemented in accordance with the provisions of the laws and regulations regarding norms, standards, procedures, and criteria for business licensing set by the central government.

CHAPTER IV

Working time and rest time

Part One

General

Article 21

- (1) Every entrepreneur is obliged to carry out the provisions of working time.
- (2) The working time as referred to in paragraph (1) includes:
 - a. 7 (seven) hours 1 (one) day and 40 (forty) hours 1 (one) week for 6 (six) working days in 1 (one) week; or
 - b. 8 (eight) hours 1 (one) day and 40 (forty) hours 1 (one) week for 5 (five) working days in 1 (one) week.
- (3) The provision of working time as referred to in paragraph (2) does not apply to certain business sectors or jobs.
- (4) The implementation of working hours for workers/labourers in the company is regulated in a work agreement, company regulation, or collective labor agreement.

Article 22

Employers who employ workers/laborers during working time as referred to in Article 21 paragraph (2) are obliged to provide weekly rest time to workers/laborers including:

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

The second part

working time in a certain business or job sector

Article 23

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

- (3) Companies in certain business sectors or work that apply more working time than the provisions as referred to in paragraph (1), their implementation in accordance with the provisions of the working time set by the Minister.

Article 24

- (1) In the event that there is a need for working time and rest time other than those determined by the Minister as referred to in Article 23 paragraph (3), the Minister may stipulate working hours and rest time in the business sector or other certain jobs.

- (2) Further provisions regarding working time and rest time in the business sector or other certain jobs as referred to in paragraph

- (1) regulated by a Ministerial Regulation.

Article 25

- (1) The implementation of working hours 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), are regulated in work agreements, company regulations, or collective labor agreements.

- (2) The implementation of working hours and working hours for workers/laborers employed in certain business sectors or jobs who apply more working time than the provisions as referred to in Article 21 paragraph (2), are regulated in work agreements, company regulations, or collective labor agreements.

Third part

overtime work

Article 26

- (1) Overtime work can only be done for a maximum of 4 (four) hours in 1 (one) day and 18 (eighteen) hours in 1 (one) week.

- (2) The provision of overtime work as referred to in paragraph (1) does not include overtime work carried out during weekly rest and/or official holidays.

Article 27

- (1) Employers who employ workers/laborers exceeding the working time as referred to in Article 21 paragraph (2), are obliged to pay overtime wages.
- (2) The obligation to pay overtime wages is excluded for workers/laborers in certain classes of positions.

- (3) Workers/laborers in certain positions have responsibilities as thinkers, planners, implementers, and/or controllers of the company's running with work time that cannot be limited and get higher wages.
- (4) The arrangement of certain position groups is regulated in a work agreement, company regulation, or collective labor agreement.
- (5) If certain groups of positions are not regulated in a work agreement, company regulation, or collective labor agreement, the entrepreneur is obliged to pay overtime wages.

Article 28

- (1) To carry out overtime work, there must be an order from the employer and the approval of the worker/labourer concerned in writing and/or through digital media.
- (2) The orders and approvals as referred to in paragraph (1) may be made in the form of a list of workers/labourers who are willing to work overtime signed by the worker/labourer concerned and the employer.
- (3) The employer as referred to in paragraph (2) must make a list of the implementation of overtime work containing the name of the worker/labourer who works overtime and the length of overtime work.

Article 29

- (1) Companies that employ workers/laborers during overtime work are obliged to:
 - a. pay the wages of overtime work;
 - b. Provide opportunities for adequate rest; and
 - c. Provide food and drink at least 1,400 (one thousand four hundred) kilo calories, if overtime is done for 4 (four) hours or more.
- (2) The provision of food and drink as referred to in paragraph (1) letter c cannot be replaced in the form of money.

Article 30

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

Fourth Part

overtime pay

Article 31

(1) Companies that employ workers/laborers exceeding the working time as referred to in Article 21 paragraph (2) are obliged to pay overtime wages with the following conditions:

- a. for the first hour of overtime work of 1.5 (one point five) times the hourly wage; and
- b. for each next hour of overtime work, amounting to 2 (two) times the hourly wage.

(2) Companies that employ workers/laborers as referred to in paragraph (1) are required to pay overtime wages, if overtime work is carried out on weekly rest days and/or official holidays for working hours of 6 (six) working days and 40 (forty) hours a week, provided that:

- a. The calculation of overtime pay is carried out as follows:
 1. The first hour to the seventh hour, paid 2 (two) times the hourly wages;
 2. the eighth hour, paid 3 (three) times the hourly wages; and
 3. the ninth hour, the tenth hour, and the eleventh hour, paid 4 (four) times the hourly wages;
- b. If the official holiday falls on the shortest working day, the calculation of overtime wages is carried out as follows:
 1. The first hour to the fifth hour, paid 2 (two) times the hourly wage;
 2. The sixth hour, paid 3 (three) times the hourly wage; and
 3. The seventh hour, the eighth hour, and the ninth hour, are paid 4 (four) times the hourly wages.

(3) Companies that employ workers/laborers as referred to in paragraph (1) are required to pay overtime wages, if overtime work is carried out on weekly rest days and/or official holidays for working hours of 5 (five) working days and 40 (forty) hours a week, with the provisions of calculating work wages Overtime is carried out as follows:

- a. the first hour to the eighth hour, paid 2 (two) times the hourly wages;
- b. the ninth hour, paid 3 (three) times the hourly wages; and
- c. The tenth hour, the eleventh hour, and the twelfth hour, are paid 4 (four) times the hourly wages.

Article 32

- (1) Calculation of overtime wages is based on monthly wages.
- (2) How to calculate an hour's wages is 1/173 (one percent seventy three) times a month's wages.
- (3) In the event that the wage component consists of basic wages and fixed allowances, the basis for calculating the overtime wage is 100% (one hundred percent) of the wages.
- (4) In the event that the wage component consists of basic wages, fixed allowances, and non-permanent allowances, if the basic wage plus the fixed allowance is less than 75% (seventy five percent) the total wage, the basis for calculating the wages of overtime wages is equal to 75% (seventy five percent) of the total wages.

Article 33

- (1) In the event that the wages of workers/laborers are paid on a daily basis, the calculation of the monthly wages is carried out with the following conditions:
 - a. daily wages multiplied by 25 (twenty five), for workers/laborers who work 6 (six) working days in 1 (one) week; or
 - b. Daily wages multiplied by 21 (twenty one), for workers/laborers who work 5 (five) working days in 1 (one) week.
- (2) In the event that the wages of workers/laborers are paid on the basis of the calculation of the unit of yield, the monthly wage is 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 basis for calculating overtime wages is the minimum wage that applies in the area where the worker/labourer works.

Article 34

- (1) In the event that the company has paid the payment of overtime wages with other names and the calculation value of overtime wages is the same as or better, the calculation of overtime wages remains valid.
- (2) Overtime wages with other names and the calculation value that has been carried out by the company as referred to in paragraph (1) becomes the overtime wage in accordance with the provisions in this Government Regulation.

- (3) The implementation of the payment of overtime wages as referred to in paragraph (1) and paragraph (2) is regulated in a work agreement, company regulation, or collective labor agreement.

Part Five

long break

Article 35

- (1) Certain companies can provide long rest.
- (2) Certain companies as referred to in paragraph (1) are companies that can provide long rest and their implementation is regulated in work agreements, company regulations, or collective work agreements.

CHAPTER V

Termination of employment

Part One

Procedure for Termination of Employment

Article 36

Termination of employment may occur for the following reasons:

- a. The Company conducts merger, consolidation, takeover, or separation of the Company and Workers/Labourers are not willing to continue the employment relationship or the Employer is not willing to accept the Worker/Labourer;
- b. The company makes efficiency followed by the closure of the company or not followed by the closure of the company caused by the company experiencing losses;
- c. The company closes due to the Company's continuous losses for 2 (two) years;
- d. Close company caused by force majeure (force majeure);
- e. the company is in a state of delay in debt payment obligations;
- f. bankrupt company;
- g. There is an application for termination of employment submitted by the worker/labor on the grounds that the employer commits the following actions:
 1. Persecution, insulting harshly, or threatening workers/laborers;

2. Persuade and/or order workers/laborers to commit acts that are contrary to the laws and regulations;
3. Not paying wages on a predetermined time for 3 (three) consecutive months or more, even though the entrepreneur pays wages on time after that;
4. Not performing the obligations that have been promised to the worker/laborer;
5. Order workers/laborers to carry out work outside the agreed; or
6. Provide work that endangers the life, safety, health, and decency of workers/laborers while the work is not included in the work agreement;
- h. there is a decision of the Industrial Relations Dispute Settlement Institution which states that the Employer does not commit the act as referred to in letter g against the application submitted by the worker/labor and the Employer decides to terminate the Employment;
- i. Workers/laborers resign on their own accord and must meet the following requirements:
 1. submit a written resignation application no later than 30 (thirty) days before the start date of the resignation;
 2. Not bound in official bonds; and
 3. continue to carry out its obligations until the start date of resignation;
- j. Workers/laborers are absent for 5 (five) working days or more consecutively without written information accompanied by valid evidence and have been summoned by the Employer 2 (two) times properly and in writing;
- k. Workers/laborers violate the provisions stipulated in the Employment Agreement, Company Regulations, or Collective Labor Agreement and have previously been given the first, second, and third warning letters, respectively, valid for a maximum of 6 (six) months unless otherwise stated in the Employment Agreement, Company Regulations, or Collective Labor Agreement;
 - l. Workers/laborers are unable to perform work for 6 (six) months as a result of being detained by the authorities for allegedly committing a crime;
 - m. Workers/laborers experience prolonged illness or disability due to work accidents and are unable to do their work after exceeding the 12 (twelve) month limit;
 - n. workers/laborers entering retirement age; or
 - o. Oh. worker/labor dies.

Article 37

- (1) Employers, workers/laborers, trade unions/labor unions, and the government must strive to prevent termination of employment.
- (2) In the event that the termination of employment is unavoidable, the intent and reason for the termination of the employment relationship is notified by the Employer to the Worker/Labourer and/or the Trade Union/Labour Union in the Company if the Worker/Labourer concerned is a member of the Trade Union/Labor Union.
- (3) Notification of Termination of Employment is made in the form of a notification letter and submitted legally and appropriately by the Employer to the Worker/Labourer and/or the Trade Union/Labor Union no later than 14 (fourteen) working days before the termination of the Employment.
- (4) In the event that the termination of employment is carried out during the probationary period, the notification letter shall be submitted no later than 7 (seven) working days before the termination of the employment.

Article 38

In the event that the worker/laborer has received a notification letter and does not reject the termination of employment, the employer must report the termination of employment to the ministry that carries out government affairs in the field of manpower and/or the office that carries out government affairs in the field of provincial and district/city manpower.

Article 39

- (1) Workers/laborers who have received a notification letter for termination of employment and stated that they refuse, must make a rejection letter accompanied by a reason for a maximum of 7 (seven) working days after the receipt of the notification letter.
- (2) In the event of a difference of opinion regarding the termination of employment, the settlement of the termination of employment must be carried out through bipartite negotiations between the Employer and the Worker/Labourer and/or the Trade Union/Labour Union.
- (3) In the event that the bipartite negotiations as referred to in paragraph (2) do not reach an agreement, the settlement of the next stage of termination of employment is carried out through a mechanism for resolving industrial relations disputes in accordance with the provisions of the legislation.

The second part

rights as a result of termination of employment

Article 40

(1) In the event of termination of employment, the employer is obliged to pay severance pay and/or service award fee, and compensation for the rights that should be received.

(2) Severance pay as referred to in paragraph

(1) is given with the following conditions:

- a. working period of less than 1 (one) year, 1 (one) month wage;
- b. a period of 1 (one) year or more but less than 2 (two) years, 2 (two) months of wages;
- c. 2 (two) years of service or more but less than 3 (three) years, 3 (three) months of wages;
- d. 3 (three) years of service or more but less than 4 (four) years, 4 (four) months of wages;
- e. 4 (four) years or more but less than 5 (five) years, 5 (five) months of wages;
- f. 5 (five) years of service or more, but less than 6 (six) years, 6 (six) months of wages;
- g. 6 (six) years of service or more but less than 7 (seven) years, 7 (seven) months of wages;
- h. 7 (seven) years of service or more but less than 8 (eight) years, 8 (eight) months of wages; and
- i. 8 (eight) years of service or more, 9 (nine) months of wages.

(3) The service period award as referred to in paragraph (1) is given with the following conditions:

- a. 3 (three) years of service or more but less than 6 (six) years, 2 (two) months of wages;
- b. 6 (six) years of service or more but less than 9 (nine) years, 3 (three) months of wages;
- c. 9 (nine) years of service or more but less than 12 (twelve) years, 4 (four) months of wages;
- d. 12 (twelve) years of service or more but less than 15 (fifteen) years, 5 (five) months of wages;

- e. 15 (fifteen) years or more but less than 18 (eighteen) years, 6 (six) months of wages;
- f. 18 (eighteen) years of service or more but less than 21 (twenty one) years, 7 (seven) months of wages;
- g. 21 (twenty one) years or more but less than 24 (twenty four) years, 8 (eight) months of wages; and
- h. 24 (twenty four) years of service or more, 10 (ten) months of wages.

(4) The compensation for the rights that should be received as referred to in paragraph (1) includes:

- a. Annual leave that has not been taken and has not yet fallen;
- b. the cost or the cost of returning for workers/laborers and their families to the place where the worker/labourer is accepted to work; and
- c. Other matters stipulated in the Employment Agreement, Company Regulation, or Collective Labor Agreement.

Article 41

Employers may terminate employment relations with workers/labourers for reasons of the company merging, merging or separation of the company and workers/labourers are not willing to continue the employment relationship or the employer is not willing to accept workers/labourers, the workers/labourers are entitled to:

- a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 42

(1) The Employer may terminate the Employment of the Worker/Labourer for the reason of the takeover of the Company, the Worker/Labourer is entitled to:

- a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) In the event of a company takeover which results in a change in the terms of work and the worker/labourer is not willing to continue the employment relationship, the employer may terminate the employment relationship and the worker/labourer is entitled to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 43

(1) Employers may terminate the Employment of Workers/Labourers for reasons of the Company making efficiency caused by the Company experiencing losses, the Workers/Labourers have the right to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) The Employer may terminate the Employment of the Worker/Labourer for the reason that the Company makes efficiency to prevent losses, the Worker/Labourer is entitled to:

- a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 44

(1) The Employer may terminate the Employment of the Worker/Labourer for the reason that the Company closes due to the Company experiencing continuous losses for 2 (two) years or the loss is not continuously for 2 (two) years, the Worker/Labourer is entitled to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) The Employer may terminate the Employment of the Worker/Labourer for the reason that the Company is closed due to not because the Company suffers a loss, the Worker/Labourer has the right to:

- a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 45

(1) Employers may terminate the employment relationship to the Worker/Labourer for the reason that the Company is closed due to a force majeure, the Worker/Labourer has the right to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) The Employer may terminate the Employment of the Worker/Labourer for reasons of force majeure which does not result in the Company closing, the Worker/Labourer has the right to:

- a. severance pay of 0.75 (zero point seventy five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 46

(1) The Employer may terminate the Employment of the Worker/Labourer due to the reason that the Company is in a state of delay in the obligation to pay debts caused by the Company experiencing losses, the Worker/Labourer is entitled to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);

b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and

c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) The Employer may terminate the Employment of the Worker/Labourer due to the reason that the Company is in a state of delay in the obligation to pay debts, not because the Company suffers a loss, the Worker/Labourer is entitled to:

a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);

b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and

c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 47

Termination of Employment Due to the reason for the bankrupt company, the worker/labourer is entitled to:

a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);

b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and

c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 48

Employers may terminate the Employment of Workers/Labourers for reasons of application for termination of employment submitted by the Worker/Labourer on the grounds that the Employer commits the act as referred to in Article 36 letter g, the Worker/Labourer is entitled to:

a. severance pay of 1 (one) time the provisions of Article 40 paragraph (2);

b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and

c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 49

Employers may terminate employment relations against workers/laborers due to the decision of the Industrial Relations Dispute Settlement Institution which states that the Employer does not commit the act as referred to in Article 36 letter g of the application submitted by the Worker/Labourer, the Worker/Labourer is entitled to:

- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and
- b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.

Article 50

Workers/laborers who resign on their own volition and meet the requirements as referred to in Article 36 letter i, are entitled to:

- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and
- b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.

Article 51

Employers may terminate the Employment of Workers/Labourers due to the reason that the Worker/Labourer is absent for 5 (five) working days or more in a row without written information accompanied by valid evidence and has been summoned by the Employer 2 (two) times properly and in writing, the Worker/Labourer has the right to:

- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and
- b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.

Article 52

(1) Employers may terminate the Employment of Worker/Labourer for reasons of the worker/laborer committing a violation of the provisions stipulated in the Employment Agreement, Company Regulations, or Collective Labor Agreement and previously given the First, Second, and Third Consecutive Warning Letter, the Worker/Labourer is entitled to:

- a. severance pay of 0.5 (zero point five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

(2) Employers may terminate the Employment of Workers/Labourers for reasons of the worker/laborer committing an urgent violation which is regulated in the Employment Agreement, Company Regulation, or Collective Labor Agreement, the Worker/Labourer is entitled to:

- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and

b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.

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

Article 53

(1) In the event that the Worker/Labourer is detained by the authorities because he is suspected of committing a crime, the Employer is not obliged to pay wages, but is obliged to provide assistance to the Families of the Workers/Labourers who are his responsibility with the following conditions:

- a. for 1 (one) dependent, 25% (twenty five percent) of the wages;
- b. for 2 (two) dependents, 35% (thirty five percent) of wages;
- c. for 3 (three) dependents, 45% (forty five percent) of wages;
- d. For 4 (four) dependents or more, 50% (fifty percent) of the wages.

(2) The assistance as referred to in paragraph (1) is given for a maximum of 6 (six) months from the first day of the worker/laborer being detained by the authorities.

Article 54

(1) The Employer may terminate the Employment of the Worker/Labourer due to the reason that the Worker/Labourer is unable to perform the work for 6 (six) months as a result of being detained by the authorities for allegedly committing a crime as referred to in Article 36 letter l which causes the Company's loss, the Worker/Labourer is entitled to:

- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and
- b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.

(2) The Employer may terminate the Employment of the Worker/Labourer for the reason that the Worker/Labourer is unable to perform the work for 6 (six) months as a result of being detained by the authorities for allegedly committing a crime as referred to in Article 36 letter l that does not cause the Company's loss, the Worker/Labour is entitled to:

- a. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- b. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

- (3) In the event that the court decides a criminal case before the expiration of the 6 (six) month period as referred to in paragraph (2) and the worker/labourer is declared not guilty, the Employer employs the worker/labourer again.
- (4) In the event that the Court decides a criminal case before the expiration of the 6 (six) month period as referred to in paragraph (1) and the worker/labourer is found guilty, the Employer may terminate the Employment Relationship and the Worker/Labourer has the right to:
- a. compensation for rights in accordance with the provisions of Article 40 paragraph (4); and
 - b. Separation money whose amount is regulated in a work agreement, company regulation, or collective labor agreement.
- (5) In the event that the Court decides a criminal case before the expiration of the 6 (six) month period as referred to in paragraph (2) and the Worker/Labourer is found guilty, the Employer may terminate the Employment Relationship and the Worker/Labourer has the right to:
- a. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
 - b. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 55

- (1) Employer may terminate the employment relationship to the worker/labourer due to the reason that the worker/labourer experiences prolonged illness or disability due to a work accident and is unable to carry out his work after exceeding the limit of 12 (twelve) months, the worker/labourer is entitled to:
- a. severance pay of 2 (two) times the provisions of Article 40 paragraph (2);
 - b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
 - c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).
- (2) Workers/laborers may apply for termination of employment to the Employer because of the reason that the worker/labourer is experiencing prolonged illness or disability due to a work accident and is unable to carry out his work after exceeding the limit of 12 (twelve) months, the worker/labor is entitled to:
- a. severance pay of 2 (two) times the provisions of Article 40 paragraph (2);

- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 56

Employers can terminate the worker/laborer for workers/laborers because of the reason that workers/laborers enter retirement age, workers/laborers are entitled to:

- a. severance pay of 1.75 (one point seventy five) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 57

Termination of Employment Due to the reason that the worker/labor dies, the heirs are given a sum of money whose calculations are the same as:

- a. severance pay of 2 (two) times the provisions of Article 40 paragraph (2);
- b. The service period award is 1 (one) time the provisions of Article 40 paragraph (3); and
- c. Reimbursement money in accordance with the provisions of Article 40 paragraph (4).

Article 58

(1) Employers who include workers/laborers in pension programs in accordance with the provisions of laws and regulations in the field of pension funds, contributions paid by the employer can be calculated as part of the fulfillment of the entrepreneur's obligations on severance pay and the award period of service and separation money 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 less than the severance pay and the award period of service and separation money, the difference is paid by the entrepreneur.

(3) The implementation of the provisions as referred to in paragraph (1) shall be regulated in a work agreement, company regulation, or collective labor agreement.

Article 59

Employers in micro and small businesses are required to pay severance pay, service period awards, compensation for rights, and/or separation fees for workers/labourers who experience termination of employment with the amount determined based on an agreement between entrepreneurs in micro-enterprises and small businesses with workers/labourers.

CHAPTER VI

Labor Supervision

Article 60

Labor Supervision on the implementation of the provisions in this Government Regulation is carried out by the Labor Supervisor at the Ministry that carries out government affairs in the field of Manpower and/or the Office that carries out Government Affairs in the Provincial Manpower Sector.

CHAPTER VII

administrative sanctions

Article 61

- (1) Entrepreneurs 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 are subject to administrative sanctions in the form of:
 - a. written warning;
 - b. limitation of business activities;
 - c. temporary termination of part or all of the means of production; and
 - d. freezing of business activities.
- (2) The imposition of administrative sanctions as referred to in paragraph (1) is carried out in stages.
- (3) The written warning as referred to in paragraph
 - (1) Letter a is a written warning for violations committed by the entrepreneur.
- (4) The limitation of business activities as referred to in paragraph (1) letter b includes:
 - a. limitation of the production capacity of goods and/or services within a certain time;
and/or
 - b. Delay in granting a business license in one or several locations for companies that have projects in several locations.
- (5) The temporary suspension of part or all of the production equipment as referred to in paragraph (1) letter c is in the form of an act of not carrying out 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 is in the form of an act of stopping the entire production process of goods and/or services in the company within a certain time.

Article 62

- (1) The Minister, the relevant Minister, the Governor, the Regent/Mayor, or the appointed official in accordance with his/her authority impose administrative sanctions as referred to in Article 61 paragraph (1) to the entrepreneur.
- (2) The imposition of administrative sanctions is given based on the results of the examination conducted by the Labor Supervisor from:
 - a. Complaints; and/or
 - b. Follow-up on the results of labor supervision.
- (3) The follow-up on the results of the examination carried out by the Labor Supervisor is stated in the inspection note.
- (4) In the event that the inspection note is not carried out by the employer, the labor inspector submits a report of non-compliance with the laws and regulations along with the inspection note to:
 - a. the Director General in charge of labor supervision at the Ministry that carries out government affairs in the field of manpower, for labor inspectors in the ministry that carries out government affairs in the field of manpower; or
 - b. The Head of the Office that carries out government affairs in the field of provincial manpower, for labor inspectors at the office that carries out government affairs in the field of provincial manpower.
- (5) The Director General or Head of Service submits a recommendation to the official authorized to impose administrative sanctions.
- (6) The relevant Minister, the Governor, Regent/Mayor, or the appointed official shall notify the implementation of the imposition of administrative sanctions to the Minister.

CHAPTER VIII

Transition Terms

Article 63

When this Government Regulation comes into force, the existing PKWT and the period of time has not expired is still valid until the end of the PKWT.

CHAPTER IX

Closing Terms

Article 64

When this Government Regulation comes into force:

- a. Compensation money for PKWT whose period has not expired is given in accordance with the provisions in this Government Regulation; and
- b. The amount of the compensation money as referred to in letter a is calculated based on the working period of the worker/labourer whose calculation starts from the date of promulgation of Law Number 11 of 2020 concerning Employment.

Article 65

When this Government Regulation comes into force, all laws and regulations which are 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) which regulate the time Work in the business sector or certain jobs, is declared to remain valid as long as it does not conflict with the provisions of this Government Regulation.

Article 66

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

So that everyone knows it, orders the promulgation of this Government Regulation by placing it in the State Gazette of the Republic of Indonesia.

Set in jakarta

On February 2, 2021

President of the Republic of Indonesia,

TTD.

Joko Widodo

Promulgated in Jakarta

On February 2, 2021

Minister of Law and Human Rights

Republic of Indonesia,

TTD.

Yasonna H. Laoly

legaltrans.id

PART 2 - ELUCIDATION

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Additional

State Gazette of the Republic of Indonesia

No. 6647 Employment. certain time employment agreement. outsourcing. working time. Rest.

termination of employment. (Explanation of the State Gazette of the Republic of Indonesia Year 2021 Number 45)

Explanation

On

Government Regulation of the Republic of Indonesia

Number 35 Year 2021

About

**certain time work agreements, outsourcing, working time and
rest time and termination of employment**

I. General

The dynamics of globalization and the rapidly growing transformation of information technology have changed the social and economic order, including changes in the employment sector. This change is a strategic challenge that demands the productivity and competitiveness of human resources as the main prerequisite for Indonesian workers to be able to play their role in the global economic arena.

In order to improve the quality of the productive and competitive Indonesian workforce, the direction of the development policy in the field of manpower focuses on efforts to create job opportunities as wide as possible and increase the protection of rights and welfare for workers/labourers, both at work, and after the end of the employment relationship.

Therefore, regulations are needed that are adaptively able to answer the challenges and dynamics of employment, especially on strategic issues regarding employment relationships which include arrangements for the implementation of PKWT and the protection of workers/labourers in it, including PKWT workers/laborers who are employed in outsourcing activities, setting work time and Rest time for workers/labourers, especially in business sectors and certain types of work that emphasize occupational safety and health aspects as well as arrangements regarding the mechanism for termination of employment, including how to ensure the fulfillment of rights for workers/laborers who have been terminated.

This Government Regulation, among others, contains:

- a. PKWT based on a certain period of time or the completion of a certain work;
- b. the type and nature or activity of the work, the time period, and the time limit for the extension of the 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 or job sector;
- f. overtime work and overtime wages;
- g. certain company limits that can implement long rest;
- h. Procedures for Termination of Employment; and
- i. Giving severance pay, service awards, and compensation for rights.

II. Article by article

Article 1

Clear enough.

Article 2

Clear enough.

Article 3

Clear enough.

Article 4

Clear enough.

Article 5

paragraph (1) letter a is quite clear.

Letter b is quite clear.

Letter c What is meant by "new product" is a product that has never existed before or developed an existing product. What is meant by "new activity" is a business that has just been carried out by the company.

paragraph (2) is quite clear.

paragraph (3) is quite clear.

Article 6

Clear enough.

Article 7

Clear enough.

Article 8

Clear enough.

Article 9

paragraph (1) is quite clear.

Paragraph (2) Letter a What is meant by "the scope and limitations of a job" is the type of work and the location where the work is carried out.

Letter b is quite clear.

paragraph (3) is quite clear.

paragraph (4) is quite clear.

Paragraph (5) is quite clear.

Article 10

paragraph (1) is quite clear.

paragraph (2) is quite clear.

paragraph (3) is quite clear.

Paragraph (4) What is meant by "by law" is that when the daily work agreement is not valid due to the fulfillment of the provisions in this paragraph, the employment relationship between the employer and the worker/labourer does not require a written agreement or other written decision.

Article 11

paragraph (1) is quite clear.

paragraph (2) is quite clear.

Paragraph (3) What is meant by "the rights of workers/laborers" include wages, religious holiday allowances, rest, leave, and social security programs for employment and health.

Article 12

Clear enough.

Article 13

Letter a is quite clear.

Letter b is quite clear.

Letter C is quite clear.

Letter d is quite clear.

The letter e is quite clear.

Letter f What is meant by "work conditions" are the rights and obligations of employers and workers/labourers that have not been regulated in the provisions of the legislation.

The letter g is quite clear.

The letter h is quite clear.

Letter i is quite clear.

Article 14

Clear enough.

Article 15

paragraph (1) is quite clear.

Paragraph (2) What is meant by "at the end of the PKWT" is when the PKWT period has expired or has been completed.

paragraph (3) is quite clear.

paragraph (4) is quite clear.

Paragraph (5) is quite clear.

Article 16

paragraph (1) is quite clear.

paragraph (2) is quite clear.

paragraph (3) is quite clear.

paragraph (4) is quite clear.

Paragraph (5) is quite clear.

Paragraph (6) is quite clear.

Article 17

Clear enough.

Article 18

Clear enough.

Article 19

Clear enough.

Article 20

Clear enough.

Article 21

Clear enough.

Article 22

Clear enough.

Article 23

paragraph (1) is quite clear.

paragraph (2) letter a is quite clear.

Letter b What is meant by "flexible working time" is the arrangement of working time which gives more freedom to employers and workers/labourers in managing working hours.

Letter C is quite clear.

Paragraph (3) What is meant by "certain business or occupational sectors" include 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 fisheries sector in certain operating areas.

Article 24

Clear enough.

Article 25

Clear enough.

Article 26

paragraph (1) is quite clear.

Paragraph (2) What is meant by "official holiday" is a national holiday, a national holiday, or a holiday determined by the local government.

Article 27

Clear enough.

Article 28

Clear enough.

Article 29

Clear enough.

Article 30

Clear enough.

Article 31

Clear enough.

Article 32

Clear enough.

Article 33

paragraph (1) is quite clear.

paragraph (2) is quite clear.

Paragraph (3) What is meant by "the minimum wage applicable in the area where the worker/labourer works" is the Regency/City Minimum Wage in the event that the Regency/City Minimum Wage is stipulated.

If there is no regency/city minimum wage determination in the area, the provincial minimum wage applies.

Article 34

Clear enough.

Article 35

Clear enough.

Article 36

Clear enough.

Article 37

paragraph (1) is quite clear.

paragraph (2) is quite clear.

Paragraph (3) The notification letter contains, among others, the intent and reasons for termination of employment, compensation for termination of employment and other rights for workers/labourers arising from termination of employment.

paragraph (4) is quite clear.

Article 38

Clear enough.

Article 39

Clear enough.

Article 40

Clear enough.

Article 41

Clear enough.

Article 42

paragraph (1) is quite clear.

Paragraph (2) What is meant by "change of work conditions" is a change in rights and obligations that are detrimental to workers/laborers.

Article 43

Paragraph (1) The company suffers a loss can be proven, among others, based on the results of an internal audit or an external audit.

Paragraph (2) Efficiency to prevent the occurrence of losses is characterized by, among other things, the potential decrease in the company's productivity or a decrease in profit which has an impact on the company's operations.

Article 44

Paragraph (1) What is meant by "Closing Company caused by the Company to suffer continuous losses for 2 (two) years or in continuous loss for 2 (two) years" is a company that stops operating or is unable to continue the production process due to losses experienced even though it has not reached 2 (two) years.

The company suffers losses, among others, based on the results of internal audits or external audits.

paragraph (2) is quite clear.

Article 45

Clear enough.

Article 46

Clear enough.

Article 47

With the stipulation of the bankrupt company, the entrepreneur does not have the authority to carry out the management and/or settlement of the company's bankruptcy assets.

Therefore, the payment of severance pay, the award period of service, and the compensation for the rights of workers/laborers are carried out by the curator.

Article 48

Clear enough.

Article 49

Clear enough.

Article 50

Clear enough.

Article 51

Clear enough.

Article 52

Paragraph (1) The warning letter is issued sequentially, namely:

- a. The first warning letter is valid for a period of 6 (six) months.
- b. If the Worker/Labourer resumes a violation of the provisions in the Employment Agreement, Company Regulation, or the Collective Labor Agreement, it is still within 6 (six) months, the Employer may issue a second warning letter, which also has a valid period of 6 (six) months from the issuance of the Second Warning.
- c. If the worker/labourer still violates the provisions in the Employment Agreement, Company Regulation, or Collective Labor Agreement, the Employer may issue a third (last) warning which is valid for 6 (six) months after the issuance of the Third Warning.

If within the warning period the three workers/laborers again violate work agreements, company regulations, or collective labor agreements, the employer can terminate the employment relationship.

In the event that the period of 6 (six) months since the issuance of the first warning letter has been exceeded, then if the worker/labourer concerned re-violates the violation of work agreements, company regulations, or collective work agreements, the warning letter issued by the entrepreneur is returned as the first warning, as well as the second and third warnings.

Employment agreements, company regulations, or collective work agreements may contain certain violations that can be given first and last warning.

If the Worker/Labourer violates the Employment Agreement, Company Regulation, or Collective Labor Agreement within the period of the validity period of the first and last warning, the Employer may terminate the Employment.

The grace period of 6 (six) months is intended as an effort to educate workers/laborers to correct their mistakes and on the other hand, 6 (six) months is sufficient time for employers to assess the performance of the workers/laborers concerned.

Paragraph (2) Violation is urgent which can be regulated in Employment Agreements, Company Regulations, or Collective Labor Agreements so that the Employer can directly terminate the Employment Relationship against Workers/Labourers, for example in the case of:

- a. commit fraud, theft, or embezzlement of goods and/or money belonging to the Company;
- b. provide false or counterfeit information to the detriment of the Company;
- c. Drunk, drinking intoxicating liquor, using and/or distributing narcotics, psychotropic substances, and other addictive substances in the work environment;
- d. commit immoral acts or gambling in the work environment;
- e. attack, persecute, threaten, or intimidate co-workers or employers in the work environment;
- f. persuade co-workers or entrepreneurs to commit acts that are contrary to the laws and regulations;
- g. by careless or intentionally damaging or leaving in a dangerous state of company property that causes losses to the company;
- h. by being careless or intentionally leaving a co-worker or employer in a state of danger at work;
- i. dismantling or leaking company secrets that should be kept confidential except for the benefit of the state; or
- j. Perform other actions within the company which is punishable by imprisonment of 5 (five) years or more.

paragraph (3) is quite clear.

Article 53

Clear enough.

Article 54

Clear enough.

Article 55

Clear enough.

Article 56

Clear enough.

Article 57

Clear enough.

Article 58

Paragraph (1) An example of the calculation of the fulfillment of the obligations of the entrepreneur is as follows:

The severance pay that should be received by workers/laborers is Rp. 15,000,000.00 (fifteen million rupiah).

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

Dalam pengaturan program pensiun telah ditetapkan iuran yang ditanggung oleh Pengusaha 60% (enam puluh persen) dan Pekerja/Buruh 40% (empat puluh persen).

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

The contribution paid by the worker/laborer is $40\% \times \text{Rp. } 10,000,000.00 = \text{Rp. } 4,000,000.00$.

So, the shortfall that must be paid by the entrepreneur is $\text{Rp. } 15,000,000.00 - \text{Rp. } 6,000,000.00 = \text{Rp. } 9,000,000.00$.

Thus, the money received by the worker/labourer at the time of the layoff consists of:

- a. Rp6,000,000.00 is compensation from the organizer of the pension program whose contribution is 60% paid by the entrepreneur;
- b. Rp4,000,000.00 is compensation from the organizer of the pension program whose contribution is 40% paid by the worker/laborer;
- c. Rp9,000,000.00 is a shortage of severance pay that must be paid by the entrepreneur;

the amount of A to C is Rp. 19,000,000.00 (nineteen million rupiah).

If the amount of contribution paid by the employer is greater than the severance pay, the service period award, and the workers/labourer's separation, the difference is paid to the worker/labourer.

paragraph (2) is quite clear.

paragraph (3) is quite clear.

Article 59

Clear enough.

Article 60

Clear enough.

Article 61

Clear enough.

Article 62

Clear enough.

Article 63

Clear enough.

Article 64

Clear enough.

Article 65

Clear enough.

Article 66

Clear enough.