

LEGAL ALERT

Indonesia
3 September 2018

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Administrative Sanctions for Failure to Register and Pay for Social Security Benefits

On 11 April 2018, the Minister of Manpower issued Regulation No.4 of 2018 on Imposition and Revocation Procedure of Administrative Sanction of Restriction from Receiving Certain Public Service to Employer, except State Officials (“[Regulation 4/2018](#)”) to further regulate administrative sanctions for employers who do not comply with the requirements to register and pay for health benefits, old age benefits, pension benefits and death/accident benefits of their employees to the Social Security Agency (Badan Penyelenggara Jaminan Sosial/BPJS). Regulation 4/2018 revoked Minister of Manpower Regulation No.23 of 2016 on the same subject.

The administrative sanctions will be imposed based on the following steps:

1. issuance of two written warnings by BPJS with a period of 10 working days between each warning;
2. monetary fines, if after 10 working days as of the issuance of the second written warning by BPJS, the employer fails to rectify the incompliance; and
3. restrictions from receiving certain public services (e.g. renewal of business license), if the employer does not pay the monetary fines previously imposed on it.

BPJS may report the violations of the obligations to register and pay for social security obligations by the employers to the relevant unit of public service agencies after consulting with the relevant manpower supervisory officers in charge of the employee, in order to restrict access of the employers to any public service.

In the event of continuous failure to register and pay the social security benefits after receiving administrative sanction of restriction from receiving public service, BPJS will report the violation to the relevant Manpower Office to investigate the employer based on the relevant laws and regulations related to social security.

Further, the unit of the certain public service agency can request and require the employers as well to provide the proof of social security participation and its latest payments in order to receive certain public service.

If the employers have complied with their social security obligations, the public service access sanctions will be revoked.

In principle, Regulation 4/2018 emphasises on coordination among the government units in order to implement and enforce the social security obligations of employers.

If you have any questions or require any additional information, you may contact [Barryl Rolandi](#), [Sianti Candra](#) or the ZICO Law partner you usually deal with.

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