

LEGAL
ALERT

New Rules for Employing Expatriates in Indonesia

On 26 March 2018, the President of Republic of Indonesia issued the Presidential Regulation No. 20 of 2018 on the Utilisation of Expatriates (“[PR 20/2018](#)”). This regulation revokes the Presidential Regulation No. 72 of 2014 on the Utilisation of Expatriate and Application of Education and Training of Manpower Companion (“[PR 72/2014](#)”).

The significant changes under PR 20/2018 include:

- a. the inclusion of minimum information to be included as part of Expatriate Utilisation Plan (Rencana Penggunaan Tenaga Kerja Asing, “[RPTKA](#)”);
- b. the stipulation that that RPTKA shall serve as Foreign Manpower Employment Permit (Izin Mempekerjakan Tenaga Kerja Asing, “[IMTA](#)”);
- c. the validity period of the RPTKA will be based on the length of foreign employment that the employer has planned; and
- d. provisions addressing a situation where RPTKA application is for compelling works.

Terms of utilisation of expatriate

PR 20/2018 reaffirms the provision of Law No. 13 of 2013 on Manpower which requires an employer to employ expatriates for certain period and position. PR 20/2018 also reaffirms the prohibition of human resource and/or certain position to be managed by the expatriate.

Principally, the employer must prioritize the use of local employees. However, the employer may employ expatriates to any position which is deemed suitable.

To employ expatriates, the employer must have RPTKA unless the employment is for the following positions:

- a. as a shareholder who serves as a member of Board of Directors or Board of Commissioners in his/her company;
- b. as a Diplomat or consular officer in foreign embassy; or
- c. for any specific position required by the government.

The RPTKA must contain the following information:

- a. reason as to why the expatriate is recruited;
- b. position of the relevant expatriate within the employing company;
- c. length of employment of the expatriate;
- d. Indonesian employee which will be assigned as the co-employee for the expatriate; and
- e. any plan to temporarily recruit the expatriate.

For any urgent matters, the employer may apply for RPTKA no later than 2 days after the expatriate’s recruitment as the employee. In addition, an employer is also required to pay into the Compensation Fund of Expatriate Utilisation annually and to secure the expatriate in Employment Social Security and/or insurance company. Moreover, RPTKA will also serve as a valid permit to employ expatriate replacing IMTA under PR 72/2014, and RPTKA will be valid during the employment period of the expatriate.

Expatriates must have Limited Stay Visa (Visa Tinggal Terbatas, “[Vitas](#)”). Vitas also can be applied concurrently with a Stay Permit (Izin Tinggal, “[Itas](#)”). For the first time, Itas will be valid for 2 years

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and extendable. Itas can also be used as re-entry permit for several trips during the Itas' validity period.

Execution of education and training

In employing the expatriate, the employer must conduct the following education and training program:

- a. appoint local company as manpower companion;
- b. conduct education and training program for local manpower in accordance with the qualification position of the employer; and
- c. facilitate Bahasa Indonesia education and program to the expatriate.

Please note that the above program is not applicable for the expatriate who serves as director and/or commissioner.

Annual mandatory report

PR 20/2018 requires the employer to submit expatriate annual report which consists of the following:

- a. implementation of expatriate utilisation; and
- b. implementation of education and training of manpower companion.

If the expatriate terminates his or her employment before the end of employment term, the employer must report this matter to Minister of Manpower and local immigration office.

Development and supervision of utilisation of expatriate

PR 20/2018 mandates the officer of Ministry of Manpower in central or local level to supervise and inculcate awareness in the employer and expatriate on the compliance of this regulation.

Sanction and implementation

PR 20/2018 does not regulate specifically the sanction for failing to comply with the above requirements. The sanctions shall be based on the prevailing laws and regulations specifically in immigration and manpower sector.

This PR 20/2018 comes into effect on 28 June 2018.

If you have any questions or require any additional information, you may contact [Poppy Rahmasuci](#), [Steffen Hadi](#) or the ZICO Law partner you usually deal with.

This alert is for general information only and is not a substitute for legal advice.