

PRESIDENT
THE REPUBLIC OF INDONESIA

GOVERNMENT REGULATION (PP)
THE REPUBLIC OF INDONESIA
NUMBER: 78 YEAR 2015

CONCERNING
MANPOWER WAGE

With the blessing of God the Almighty
President of the Republic of Indonesia

In considering: that in implementing the stipulations of Article 97 of Law Number 13 Year 2003 on Manpower, it shall be necessary to enact a government regulation (PP) on Manpower Wage;

As referring to in: 1. Article 5 paragraph (2) of the 1945 Constitution of the Republic of Indonesia;

2. Law Number 13 Year 2003 on Manpower (State Gazette of the Republic of Indonesia Year 2003 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 4279);

DECIDES

To Enact : GOVERNMENT REGULATION (PP) ON MANPOWER WAGE

CHAPTER 1
GENERAL STIPULATIONS

Article 1

In this government regulation (PP) what is meant by:

1. Wage shall be the right of worker/ laborer to the payment in form

of money as a pay from a business person or employer to worker/ laborer, of which is determined and paid based on a contract of work, agreement, or laws and regulations, including the allowance to the worker/ laborer and his/ her family for the work and/or service incurred or to be incurred.

2. Worker/ laborer shall be any person who works and receives wage as payment or another form of payment.
3. Employer shall be:
 - a. Either Individual, group of individuals, or legal entity that runs its own company;
 - b. Either Individual, group of individuals, or legal entity that runs a company owned by other(s);
 - c. Either Individual, group of individuals, or legal entity in Indonesia that represents the company as cited in letters a and b domiciled in Indonesia.
4. Company shall be:
 - a. any business with or without the status of legal entity, owned by individual, group of individuals, or legal entity, either of the private sector or the public sector (State), that employs the worker/ laborer with the payment of wage or another form of payment;
 - b. either social entity or another entity that has management and employs person(s) with the payment of wage(s) or another form of payment.
5. Contract of Work shall be the contract between worker/ laborer and business person or employer, in which there are work conditions, rights, and responsibilities of both parties.
6. Company Regulation shall be the regulation in writing prepared by the employer that comprises work conditions and rules of the company.
7. Joint Work Agreement shall be the agreement based on the deals between Labor Union/ Union of Workers—of which is registered in the government agency of manpower—and an employer or some employers or the association of employers, in which are included the work conditions, rights, and responsibilities of both parties.
8. Work Deal (Relationship) shall be the deal between employer and worker/ laborer based on the contract of work, in which are

depicted the type of job, wage, and job assignment.

9. Job Termination shall be the termination of work deal or relationship because of a certain thing that causes the termination of the rights and responsibilities of the worker/ laborer and employer.
10. Work Union/ Labor Union shall be an organization that is established by, for the sake of, and based on the initiative from workers/laborers either inside or outside of the company based on freedom, transparency, independence, democracy, and responsibility in order to struggle for, defend and protect the rights and interests of workers/ laborers for the sake of the improvement of the welfare of workers/ laborers and their respective families.
11. Minister shall be the Minister who is in charge of governmental affairs of manpower.

Article 2

The right of worker/ laborer to wage shall exist at the time of the deal of work between Worker/ Laborer and Employer and such a right shall no longer exist at the time of the termination of the deal or contract of work.

CHAPTER II POLICY OF WAGE

Article 3

- (1) The policy of wage shall be directed to an appropriate pay or wage that can meet a proper standard of living of the Worker/ Laborer.
- (2) The policy of pay or wage as cited in paragraph (1) shall include:
 - a. minimal wage;
 - b. overtime pay;
 - c. pay for absence from work because of certain excuse ;
 - d. pay for absence from work because of another activity not related to the work;
 - e. Pay for the right to taking a rest from work;
 - f. Form and method of payment of Wage;
 - g. fine and deduction of Wage;
 - h. other things that can be reckoned to the Wage;
 - i. structure and scale of payment of wage;
 - j. Wage for severance pay; and
 - k. Wage for the calculation of income tax.

Article 2

Right of Worker/ Laborer to Wage shall exist at the time of making the Work Contract between Worker/ Laborer and Employer and it shall no longer exist at the termination of the work contract.

CHAPTER II POLICY OF WAGE

Article 3

(1) Policy of wage shall be aimed to the achievement of pay that can meet an appropriate standard of living for the Worker/ Laborer

(2) The policy of wage as cited in paragraph (1) shall include:

- a. minimal wage;
- b. overtime pay;
- c. pay for absence from work because of certain excuse ;
- d. pay for absence from work because of another activity not related to the work;
- e. Pay for the right to taking a rest from work;
- f. Form and method of payment of Wage;
- g. fine and deduction of Wage;
- h. other things that can be reckoned to the Wage;
- i. structure and scale of payment of wage;
- j. Wage for severance pay; and
- k. Wage for the calculation of income tax.

CHAPTER III APPROPRIATE INCOME

Article 4

(1) Appropriate income shall be the amount of pay or income of the Worker/ Laborer from his/her job that can meet the need of living of the Worker/ Laborer and his/her family in an appropriate way.

(2) The appropriate income as cited in paragraph (1) shall be provided in form of:

- a. Wage; and
- b. Non-wage pay.

Article 5

(1) The income as cited in Article 4 paragraph (2) letter a shall include the components as follows:

- a. Wage without allowance
- b. Base wage and fixed allowance; or
- c. Base wage, fixed allowance and variable allowance.

(2) In case that the components of wage comprising Base Wage and Fixed Allowance as cited in paragraph (1) letter b, the amount of Base wage shall be minimal 75 (seventy five) percent of the amount of Base Wage and Fixed Allowance.

(3) In case that the components of wage comprising Base Wage, Fixed Allowance and Variable Allowance as cited in paragraph (1) letter c, the amount of Base wage shall be minimal 75 (seventy five) percent of the amount of Base Wage and Fixed Allowance.

(4) The wage as cited in paragraph (1) shall be regulated under Work Contract, Company Regulation, or Joint Work Agreement.

Article 6

(1) Non-wage Pay as cited in Article 4 paragraph (2) letter b shall be in form of allowance for religious festivity (THR).

(2) In addition to the allowance for religious festivity (THR) as cited in paragraph (1), Employer shall also provide non-wage pay such as:

- a. bonus;
- b. money as compensation for work facility; and/ or
- c. money of service for certain undertakings

Article 7

(1) The allowance for religious festivity (THR) as cited in Article 6 paragraph (1) shall be obligatorily provided by Employer to Worker/ Laborer.

(2) The allowance for religious festivity (THR) as cited in paragraph (1) shall be obligatorily provided by Employer in 7 (seven) days prior to the due date of religious festivity.

(3) The stipulation concerning the allowance for religious festivity (THR) and the procedure of payment shall be regulated under a Ministerial Decree.

Article 8

- (1) Bonus as cited in Article 6 paragraph (2) letter a shall be provided by Employer to Worker/ Laborer deriving from the profit of Company.
- (2) The determination on the bonus to each Worker/ Laborer as cited in paragraph (1) shall be regulated under a Work Contract, Company Regulation, or Joint Work Agreement.

Article 9

- (1) Company shall provide work facilities for:
 - a. Worker/Laborer for certain job title/ job; or
 - b. All Workers/ Laborers.
- (2) In case the work facilities for Worker/ Laborer as cited in paragraph (1) are not available or not sufficient, Company shall provide money as compensation for the work facilities as cited in Article 6 paragraph (2) letter b.
- (3) The way of providing the work facilities as cited in paragraph (1) and the money as compensation for the work facilities as cited in paragraph (2) shall be regulated under Work Contract, Company Regulation, or Joint Work Agreement.

Article 10

- (1) Money of service for certain undertakings as cited in Article 6 paragraph (2) letter c shall be collected and managed by the Company.
- (2) Money of service for certain undertakings as cited in paragraph (2) shall be given to the Worker/ Laborer after the deduction of the risk of loss or damage and the improvement of quality of the manpower.
- (3) Stipulation concerning the money of service for certain undertakings as cited in paragraphs (1) and (2) shall be regulated under a Ministerial Decree.

CHAPTER IV WAGE PROTECTION

First Part General

Article 11

Every Worker/ Laborer shall have right to similar wage for similar category of work.

Second Part Determination of Wage

Article 12

Wage shall be determined based on:

- a. time rate; and/ or
- b. piece rate.

Article 13

- (1) Wage based on time rate as cited in Article 12 letter a shall be determined on a daily, weekly, or monthly basis.
- (2) In case that the wage is determined based on a daily basis as cited in paragraph (1), the calculation of wage shall be as follows:
 - a. for Company with 6-day system of work in a week, the monthly Pay of Wage shall be of 25 (twenty five) days; or
 - b. for Company with 5-day system of work in a week, the monthly Pay of Wage shall be of 21 (twenty one) days.

Article 14

- (1) The determination of wage based on time rate as cited in Article 12 letter a shall refer to the structure and scale of wages.
- (2) The structure and scale of wages as cited in paragraph (1) shall obligatorily be prepared by Employer by taking into account the category, job title, length of work, education, and competency.
- (3) The structure and scale of wages as cited in paragraph (2) shall obligatorily be announced to all Workers/ Laborers.
- (4) The structure and scale of wages as cited in paragraph (2) shall obligatorily be attached by the Company at the time of submitting a request for:
 - a. the approval and renewal (revision) of Company Regulation
 - b. the registration, extension, and renewal (revision) of Joint Work Agreement.
- (5) Further stipulation concerning the structure and scale of wages as cited in paragraph (2) shall be regulated under a Ministerial Decree.

Article 15

- (1) Wage based on piece rate as cited in Article 12 letter b shall be determined based on the result of work as having previously been agreed.
- (2) The determination on the amount of wage as cited in paragraph (1) shall be decided by Employer based on the result as agreed between Worker/ Laborer and Employer.

Article 16

The determination of monthly pay of wage based on piece rate as cited in Article 12 letter b as in compliance with the prevailing laws and regulations shall be based on the average Wage of the latest three months that has been received by the Worker/ Laborer.

Third Part Method of Wage Payment

Article 17

- (1) Wage shall be obligatorily paid to the Worker/ Laborer.
- (2) Employer shall obligatorily provide evidence of payment of Wage depicting the details of Wage received by Worker/ Laborer at the time the Wage is paid.
- (3) The Wage can be paid to the third party with the issuance of letter of authority provided by the Worker/ Laborer.
- (4) The letter of authority as cited in paragraph (2) shall be effective only for one time of payment of Wage.

Article 18

- (1) Employer shall obligatorily pay the Wage on the date as agreed between the Employer and the Worker/ Laborer.
- (2) In case that the day or date as agreed is on holiday or on the day off, or the weekly off-day, the payment of Wage shall be regulated in a Work Contract, Company Regulation, of Joint Work Agreement.

Article 19

The Wage shall be paid by Employer at least 1 (one) time in a week or 1 (one) time in a month except the Work Contract cites that it can be paid in less than one week.

Article 20

Wage of Worker/ Laborer shall be fully paid in every period as per the date of payment of Wage.

Article 21

- (1) The Wage shall be paid in the currency of Rupiah of the Republic of Indonesia.
- (2) The payment of Wage as cited in paragraph (1) shall be conducted in the place as regulated in the Work Contract, Company Regulation, or Joint Work Agreement.
- (3) In case that the place of the payment of Wage is not regulated in the Work Contract, Company Regulation or Joint Work Agreement, the payment of Wage shall be conducted in the workplace of Worker/ Laborer.

Article 22

- (1) The Wage as cited in Article 17 shall be directly paid or through bank.
- (2) In case the Wage is paid through bank, the Wage shall have been able to be cashed in by Worker/ Laborer on the date of Wage payment as having been agreed by the both parties.

Fourth Part Review of Wage

Article 23

- (1) Employer shall review the Wage on a regular basis for the adjustment to the prices of daily needs and/ or due to increasing work productivity by considering the capability of the Company.
- (2) The review of Wage as cited in paragraph (1) shall be regulated in Work Contract, Company Regulation, or Joint Work Agreement.

Fifth Part Wage of Worker/ Laborer for the absence of work and/ or for not doing the work

Article 24

- (1) Wage shall not be paid in case that the Worker/ Laborer is absent from work and/ or not doing the work.
- (2) Worker/Laborer who is absent from work and/or not doing the work because of:
 - a. certain excuse;
 - b. doing another activity not related to the work; or
 - c. right to taking a rest from work;shall remain subject to the payment of Wage.
- (3) The reason for the Worker/ Laborer to be absent from work and/ or not doing the work because of the excuse as cited in paragraph (2) letter a shall be as follows:

- a. the Worker/ Laborer is sick and unable to do the work;
- b. Female Worker/ Laborer who is sick in the first day and in the second day during her monthly period that makes her unable to do the work; and
- c. Worker/ Laborer is absent from work because of:
 - 1) getting married;
 - 2) the marriage of his/ her child;
 - 3) the circumcision of his/ her child;
 - 4) baptism of his/ her child;
 - 5) his wife giving a birth or undergoing miscarriage;
 - 6) the husband, wife, parent, parent in law, child, and/ or child in law passing away; or
 - 7) member of family—except any of those as cited in point 6)—who lives together with the family passing away

- (4) The reason of the Worker/ Laborer who is absent from work and/ or not doing the work because of carrying out another activity not related to the work as cited in paragraph (2) letter b shall include:
- a. the obligation by the State
 - b. the obligation to do his/ her religiosity;
 - c. the task from the Labor Union as approved by Employer and it can be proved from a written notice; or
 - d. the assignment for further education by the Company

- (5) The reason of Worker/ Laborer to be absent from the work and/ or not doing the work because of the right to taking a rest from work as cited in paragraph (2) letter c shall be as follows:
- a. having right to taking a weekly rest;
 - b. having an annual leave;
 - c. having a long rest;
 - d. having a maternity leave before and after giving a birth; or
 - e. having a leave because of miscarriage.

Article 25

Employer shall obligatorily pay the Wage in case the Worker/ Laborer is willing to do another work as having been agreed but later on the Employer turns not to recruit him/ her for the work, because of the mistake by Employer or because of a problem that should have been anticipated by the Employer.

Article 26

- (1) The Wage paid to the Worker/ Laborer who is absent from work and / or not doing the work because of being sick as cited in Article 24 paragraph (3) letter a shall be as follows:

- a. for the first 4 (four) months, the pay shall be 100 (one hundred) percent of the Wage;
 - b. for the second four months, the pay shall be 75 (seventy five) percent of the Wage;
 - c. for the third four months, the pay shall be 50 (fifty) percent of the Wage; and
 - d. for the next months, the pay shall be 25 (twenty five) percent of the Wage prior to a final work termination as decided by the Employer.
- (2) The Wage paid to female Worker/ Laborer who is absent from work and/ or not doing the work because of being sick on the first day and on the second day of her monthly period as cited in Article 24 paragraph (3) letter b shall be based on the adjustment to the number of days of being sick during her monthly period of no longer than 2 (two) days.
- (3) The Wage paid to the Worker/ Laborer who is absent from work and/ or not doing the work as cited in Article 24 paragraph (3) letter c shall be as follows:
- a. The Worker/ Laborer who gets married shall be paid for 3 (three) days;
 - b. because of the marriage of his/ her child, the Worker shall be paid for 2 (two) days;
 - c. because of the circumcision of his/ her child, the Worker shall be paid for 2 (two) days;
 - d. because of the baptism of his/ her child, the Worker shall be paid for 2 (two) days;
 - e. because of giving birth or miscarriage, the Worker shall be paid for 2 (two) days;
 - f. because of the passing away of husband, wife, parent, child, and / or child in law, the Worker shall be paid for 2 (two) days;
 - g. because of the passing away of member of family except for any of those cited in letter f who lives together in the household, the Worker shall be paid for 1 (one) day;

Article 27

- (1) Worker/ Laborer who is obliged or assigned by the State as cited in Article 24 paragraph (4) letter a for no longer than 1 (one) year and the income provided by the State is less than the Wage that is usually received by the Worker/ Laborer, the Employer shall obligatorily pay for the shortage.
- (2) Worker/ Laborer who is assigned by the State as cited in Article 24 paragraph (4) letter a for no longer than 1 (one) year and the income provided by the State is similar to or greater than the Wage that is

usually received by the Worker/ Laborer, the Employer shall not be obliged to pay.

- (3) Worker/ Laborer who is assigned by the State as cited in paragraphs (1) and (2) shall be obliged to give a written notice to the Employer.

Article 28

Employer shall be obliged to pay Wage to Worker/ Laborer, who is absent from work or not doing the work because of the obligation of his/ her religiosity as cited in Article 24 letter b, for as much as the amount of Wage received by Worker/ Laborer but it has to be one time when the Worker/ Laborer works for the Company.

Article 29

Employer shall be obliged to pay Wage to Worker/ Laborer, who is absent from work or not doing the work because of the assignment by the Labor Union as cited in Article 24 paragraph (4) letter c, for as much as the amount of Wage usually received by Worker/ Laborer.

Article 30

Employer shall be obliged to pay Wage to Worker/ Laborer, who is absent from work or not doing the work because of educational assignment by the Company as cited in Article 24 paragraph (4) letter d, for as much as the amount of Wage usually received by Worker/ Laborer.

Article 31

Employer shall be obliged to pay Wage to Worker/ Laborer, who is absent from work or not doing the work because of the right to taking a rest of work as cited in Article 24 paragraph (5), for as much as the amount of Wage usually received by Worker/ Laborer.

Article 32

The regulation concerning the implementation of the stipulations as cited in Articles 24 through 31 shall be cited in Work Contract, Company Regulation or Joint Work Agreement.

Sixth Part Overtime Pay

Article 33

Overtime Pay as cited in Article 3 paragraph (2) letter b shall be obligatorily paid by Employer who recruits the Worker/ laborer for his/ her work that is longer than the normal work hours or during the weekly off days or during the official holidays, of which shall be paid as

compensation to the Worker/ Laborer as in compliance with the prevailing laws and regulations.

Seventh Part
Severance Pay

Article 34

(1) The components of Wage used as the basis of calculation of severance pay shall include:

- a. Base Wage; and
- b. Fixed Allowance provided for Worker/ laborer and family, including the price of free allocation of certain purchases given to Worker/ Laborer, or the subsidized allocation of certain purchases to Worker/ Laborer, accordingly the component of Wage shall be the difference between the price of purchases and the subsidized price that has to be paid by Worker/ Laborer.

(2) In case that the Employer pays the Wage without any allowance, the basis of calculation of severance pay shall be based on the Wage received by the Worker/ Laborer.

Article 35

The Wage for the sake of severance payment as cited in Article 34 paragraphs (1) and (2) shall be paid as follows:

- a. In case that the Wage of Worker/ Laborer is paid on a daily basis, for this reason the monthly pay shall be 30 (thirty) times one-day wage;
- b. In case that the Wage of Worker/ Laborer is paid on a basis of piece rate, unit rate/ lump sum, or commission, for this reason the daily pay shall be the average daily wage for the last 12 (twelve) months, as long as it is not lower than the Minimum Base Wage of province or regency/ municipality; or
- c. In case that the work depends on the weather and the Wage is on lump sum basis, for this reason the calculation of monthly Wage shall be based on the average Wage for the last 12 (twelve) months.

Eighth Part
Wage for the Calculation of Income Tax

Article 36

(1) The Wage for the calculation of income tax that will be paid shall be

based on the whole income received by the Worker/ Laborer.

(2) Income tax as cited in paragraph (1) can be payable or liable to the Employer or Worker/ Laborer as regulated under Work Contract, Company Regulation, or Joint Work Agreement.

(3) The Wage for the calculation of income tax shall be in accordance with the prevailing laws and regulations.

Ninth Part Payment of Wage in Bankruptcy

Article 37

(1) For Employer who has been declared bankrupt based on a verdict on bankruptcy by the court, the Wage and other allowances based on the rights of Worker/ Laborer shall be regarded as the liability that is subject to the priority for the first payment.

(2) The Wage of Worker/ Laborer as cited in paragraph (1) shall be prioritized for the settlement of payment as in accordance with the prevailing laws and regulations.

(3) Other rights of the Worker/ Laborer as cited in paragraph (1) shall be prioritized for the settlement of payment after the settlement of payment to creditors who have rights to guarantee of payment.

Article 38

In case that the Worker/ Laborer is in **bankruptcy (sic)**, the Wage and all the payments based on the work relationship shall not be included in the bankruptcy except another verdict by the Judge as long as the amount is no greater than 25 (twenty five) percent of the Wage and all the payments based on the work deal or relationship that is subject to payment.

Tenth Part Confiscation of Wage by the Court

Article 39

In case the money provided by the Employer for the payment of Wage is confiscated by the confiscator as instructed by the Court, the amount to be confiscated shall not be greater than 20 (twenty) percent of the amount of Wage that has to be paid.

Eleventh Part

The Right of Worker/ Laborer to Information about Wage

Article 40

- (1) Worker/ Laborer or the legitimately authorized person shall have right to being explained about the Wage to himself/herself as long as the information of Wage is provided from the Wage record of the company.
- (2) In case the information as cited in paragraph (1) cannot be obtained, the Worker/ Laborer or the authorized person shall have right to asking for help from the official of manpower office.
- (3) The information as cited in paragraphs (1) and (2) shall be kept confidential as in accordance with the prevailing laws and regulations.

CHAPTER V MINIMAL WAGE

First Part General

Article 41

- (1) Governor shall determine minimal pay of Wage as part of Social Security.
- (2) Minimal pay of Wage as cited in paragraph (1) shall be the lowest monthly pay of Wage comprising:
 - a. Wage without allowance; or
 - b. Base Wage including fixed allowance.

Article 42

- (1) Minimal pay of Wage as cited in Article 41 paragraph (1) shall be applicable for Worker/ Laborer whose work period is less than 1 (one) year at the Company.
- (2) Wage of Worker/ Laborer whose work period is 1 (one) year or more shall be negotiated on a basis of bipartite between Worker/ Laborer and the Company.

Article 43

- (1) The determination of minimal Wage as cited in Article 41 shall be conducted annually based on the need for appropriate standard of living by taking into account the productivity and economic growth.
- (2) The appropriate standard of living as cited in paragraph (1) shall be the

standard of living for a bachelor Worker/ Laborer based on the physiologic need for 1 (one) month.

- (3) The appropriate standard of living as cited in paragraph (2) shall comprise several components.
- (4) The components as cited in paragraph (3) shall include several types of living needs.
- (5) The components as cited in paragraph (3) and the types of living needs as cited in paragraph (4) shall be reviewed in every period of 5 (five) years.
- (6) the review of components and types of living needs as cited in paragraph (5) shall be conducted by Minister by taking into account the result of study by the National Board of Wages.
- (7) The study by the National Board of Wages as cited in paragraph (6) shall use the data and information from the sources of authorized agencies of statistics.
- (8) The result of the review of components and types of living needs as cited in paragraph (6) shall become the basis of calculation for minimal Wage by further considering the productivity and economic growth.
- (9) Further stipulation concerning the appropriate living needs shall be regulated under a Ministerial Decree.

Article 44

- (1) The determination of minimal Wage as cited in Article §3 paragraph (1) shall be calculated by using a formula of calculation of minimal Wages.
- (2) The formula of calculation of minimal Wages as cited in paragraph (1) shall be as follows:
$$UM_n = UM_t + \{UM_t \times (\text{Inflation}_t + \% \Delta \text{PDB}_t)\}$$
- (3) Further stipulation concerning the calculation of minimal Wage by using the formula as cited in paragraph (2) shall be regulated under a Ministerial Decree.

Second Part

Determination of Minimal Wage of Province and/ or Regency/
Municipality

Article 45

- (1) Governor shall determine the minimal Wage of Province.
- (2) As determined the minimal Wage of Province as cited in paragraph (1) shall be calculated based on a formula of minimal Wage as cited in Article 44 paragraph (2).
- (3) In case there has been a review for appropriate living needs as cited in Article 43 paragraph (5), Governor shall determine the minimal Wage of Province by taking into account the recommendation from the provincial board of wages.
- (4) The recommendation from the provincial board of wages as cited in paragraph (3) shall be based on the result of review of appropriate living needs of which the components and types are determined by Minister by considering the productivity and economic growth.

Article 46

- (1) Governor shall determine the minimal Wage of regency/ municipality.
- (2) Minimal Wage of regency/ municipality as cited in paragraph (1) shall be greater than minimal Wage of province in the Province.

Article 47

- (1) The determination of Wage of regency/ municipality as cited in Article 46 shall be calculated based on the formula of calculation of minimal Wage as cited in Article 44 paragraph (2).
- (2) In case there has been a review of the appropriate living needs as cited in Article 43 paragraph (5), Governor shall determine the minimal Wage of regency/ municipality by taking into account the recommendation from regent/ mayor and suggestions and considerations from the provincial board of wages.
- (3) The recommendation from regent/ mayor as cited in paragraph (2) shall be based on the advices and considerations from the board of wages of regency/ municipality.
- (4) The recommendation from regent/ mayor as well as the advices and considerations from the board of wages of province as cited in paragraph (2) and the advices and considerations from the board of wages of regency/ municipality as cited in paragraph (3) shall be based on the result of review of appropriate living needs of which the components and the types shall be determined by Minister by

considering the productivity and economic growth.

Article 48

Further stipulations concerning the minimal Wage of province and/ or regency/ municipality shall be regulated under a Ministerial Decree.

Third Part

Determination on Minimal Wage Sectoral Province and/ or Regency/ Municipality

Article 49

- (1) Governor shall determine the minimal Wage of sectoral province and/ or regency/ municipality based on the result of negotiation between the association of employers and the Union of Workers/ Laborers in the sector.
- (2) The determination of the sectoral minimal Wage as cited in paragraph (1) shall be based on the advices and considerations of foremost sector from the board of wages of province or the board of wages of regency/ municipality based on their respective tasks and authorities.
- (3) Minimal Wage of sectoral province as cited in paragraph (1) shall be greater than the minimal Wage of province in the Province.
- (4) Minimal Wage of sectoral regency/ municipality as cited in paragraph (1) shall be greater than the minimal Wage of regency/municipality in the regency/ municipality.

Article 50

Further stipulations concerning the minimal Wage of sectoral province and/ or regency/ municipality shall be regulated under a Ministerial Decree.

CHAPTER VI

MATTERS THAT CAN BE INCLUDED IN WAGE CALCULATION

Article 51

- (1) Matters that can be included in the calculation of Wage shall be as follows:
 - a. fine;
 - b. compensation;
 - c. deduction of wage for the third party;
 - d. prepayment of Wage;

- e. rent of house and/ or rent of properties of Company that are rented by Employer to Worker/ Laborer;
 - f. loan or repayment of loan of Worker/ Laborer to Employer; and/ or
 - g. overpayment of Wage.
- (2) Matters that can be included in the calculation of Wage as cited in paragraph (1) letters a, b and d shall be based on the Work Contract, Company Regulation, or Joint Work Agreement.

Article 52

In case there is a Work Termination, the matters that can be included in the calculation of Wage as cited in Article 51, of which is the liability of the Worker/ Laborer that has yet to be fulfilled and/ or the receivable of the Worker/ Laborer that has yet to be fulfilled, can be calculated together with all the payments based on the right of Worker/ Laborer because of the Termination of Work.

CHAPTER VII IMPOSITION OF FINE AND DEDUCTION OF WAGE

First Part Imposition of Fine

Article 53

Employer or Worker/ Laborer who violates the stipulations under the Work Contract, Company Policy, or Joint Work Agreement because of intention or ignorance shall be fined if explicitly regulated under the Work Contract, Company Regulation, or Joint Work Agreement.

Article 54

- (1) Imposition of fine against Employer or Worker/ Laborer as cited in Article 53 shall be applicable only for the good sake of Worker/ Laborer.
- (2) Types of violations that are subject to fines, amount of fines and the use of money from fines shall be regulated under the Work Contract, Company Regulation, or Joint Work Agreement.

Article 55

- (1) Employer as cited in Article 53 who is belated to pay and/or not to pay Wage as cited in Article 5 paragraph (4) shall be subject to imposition of fine as follows:
- a. starting from the fourth day up to the eighth day as of the date of the payment of Wage, there shall be the imposition of fine at 5 (five)

percent for any day of belatedness of the Wage that should have already been paid;

- b. after the eighth day, if the Wage is still unpaid there shall be the imposition of fine because of belatedness as cited in letter a plus 1 (one) percent for every day of belatedness under a condition that in 1 (one) month there should be no more than 50 (fifty) percent of the Wage that should have already been paid; and
- c. after one month, if the Wage has yet to be paid, there shall be the imposition of fine as cited in letter a and b plus interest at the rate of interest of governmental bank.

(2) The imposition of fine as cited in paragraph (1) shall not annul the obligation of Employer to pay the Wage of Worker/ Laborer.

Article 56

- (1) Employer who is belated to pay the allowance for religious festivity (THR) to Worker/ Laborer as cited in Article 7 paragraph (2) shall be subject to the imposition of fine at 5 (five) percent of the total amount of allowance for religious festivity (THR) that should have already been paid as of the deadline of payment by Employer as obliged.
- (2) The imposition of fine as cited in paragraph (1) shall not annul the obligation of Employer to pay the allowance for religious festivity (THR) to Worker/ Laborer.

Second Part Deduction of Wage

Article 57

(1) Deduction of Wage by Employer for:

- a. fine;
- b. compensation; and/ or
- c. prepayment of Wage,

shall be in compliance with Work Contract, Company Regulation, or Joint Work Agreement.

- (2) Deduction of Wage by Employer for the third party shall be allowed if there is a letter of authorization from Worker/ Laborer.
- (3) The letter of authorization as cited in paragraph (2) shall be subject to a revoke at any time when necessary.

(4) The letter of authorization from Worker/ Laborer as cited in paragraph (3) shall be exempted for all the liabilities of payments by Worker/ Laborer to the State or contribution as a member of the Fund for Social Security as regulated under the prevailing laws and regulations.

(5) Deduction of Wage by Employer for:

- a. payment of loan or repayment of loan of Worker/ Laborer; and/ or
- b. rent of house and/ or rent of properties owned by Company that are rented by the Employer to Worker/ Laborer.

shall be conducted based on a written contract or a written agreement.

(6) Deduction of Wage by Employer for the overpayment of Wage to Worker/ Laborer shall be conducted without any prior approval from the Worker/ Laborer.

Article 58

The total of deduction of Wage as cited in Article 57 shall be maximal 50 (fifty) percent of the payment of Wage received by Worker/ Laborer.

CHAPTER VIII ADMINISTRATIVE SANCTION

Article 59

(1) Administrative sanction shall be imposed against Employer because of as follows:

- a. not to pay the allowance for religious festivity (THR) to Worker/ Laborer as cited in Article 7 paragraphs (1) and (2);
- b. not to give money of service for certain undertakings to Worker/ Laborer as cited in Article 10 paragraph (2);
- c. not to prepare or make available the structure and scale of wages as cited in Article 14 paragraph (2) and not to give information to all Workers/ Laborers as cited in Article 14 paragraph (3);
- d. not to pay Wage after the deadline as cited in Article 19;
- e. not to fulfill the obligation to pay fine as cited in Article 53; and/ or
- f. to deduct the Wage of greater than 50 (fifty) percent of any Wage received by Worker/ laborer as cited in Article 58.

(2) Administrative sanction as cited in paragraph (1) shall be in form of:

- a. written warning;
- b. restriction of business activities;

- c. temporary termination of part or all of production facilities; and
- d. termination of business activities.

(3) Further stipulations concerning the procedure for the imposition of administrative sanction shall be regulated under a Ministerial Decree.

Article 60

(1) Minister, related ministers, governor, regent/ mayor, or government official who is assigned based on his/ her authority shall impose the administrative sanction as cited in Article 59 against the Employer.

(2) The imposition of administrative sanction as cited in paragraph (1) shall be based on the result of investigation by the official of manpower office, of which comes from:

- a. report of complaint; and/ or
- b. the follow up as resulted from monitoring by the manpower office.

(3) The investigation by the official of manpower office as cited in paragraph (2) shall be conducted in compliance with the prevailing laws and regulations.

Article 61

Employer who has been administratively sanctioned as cited in Article 59 paragraph (2) shall not be exempted from the obligation to pay the Worker/ Laborer based on his/ her rights.

Article 62

Related minister, governor, regent/ mayor, or the assigned government official shall inform about the imposition of the administrative sanction as cited in Article 59 paragraph (2) to Minister.

CHAPTER IX TRANSITIONAL STIPULATIONS

Article 63

At the time of the effectiveness of this Government Regulation:

- a. Minimal Wage of province that is still below the appropriate standard of living, the governor shall be obliged to adjust the minimal Wage of province to become similar to the appropriate living needs on a gradual basis no longer than 4 (four) years as of the enactment of this Government Regulation;

- b. Employer who has yet to fix and implement the structure and scale of wages shall be obliged to fix and apply a structure and scale of wages based on this Government Regulation and attach it to the request as cited in Article 14 paragraph (4) no longer than 2 (two) years as of the enactment of this Government Regulation.

CHAPTER X
CLOSING STIPULATIONS

ARTICLE 64

At the time of the effectiveness of this Government Regulation, all the implementing regulations of Law Number 13 Year 2003 on Manpower that regulates about wages and Government Regulation Number 8 Year 1981 on Protection of Wages shall be declared to remain effective as long as any of them is not contradictory and/ or has yet to be replaced based on this Government Regulation.

Article 65

At the time of the effectiveness of this Government Regulation, Government Regulation Number 8 Year 1981 on Protection of Wages (State Gazette of the Republic of Indonesia Year 1981 Number 8, Supplement to State Gazette of the Republic of Indonesia Number 3190) shall be revoked and declared no longer effective.

Article 66

This Government Regulation shall be effective as of the date of enactment.

That anybody shall be made aware of, and the enactment of this Government Regulation shall be put in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
Dated October 23, 2015
President of the Republic of Indonesia

SIGNED

JOKO WIDODO

Stipulated in Jakarta
dated October 23, 2015
MINISTER OF LAWS AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

State Gazette of the Republic of Indonesia Year 12015 Number 237

Copy as of the original version
Ministry of State Secretary of the Republic of Indonesia
Deputy for Laws and Regulations

signed

M. Sapta Murti