



Asia Employment Law: Quarterly Review

2020-2021

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INDEX:

AUSTRALIA
CHINA
HONG KONG
INDIA
INDONESIA
JAPAN
MALAYSIA
NEW ZEALAND
PHILIPPINES
SINGAPORE
SOUTH KOREA
SRI LANKA
TAIWAN
THAILAND
VIETNAM

Introduction

Asia's legal and human resources advisors are often required to function across multiple jurisdictions. Staying on top of employment-related legal developments is important but can be challenging.

To help keep you up to date, our firm produces the **Asia Employment Law: Quarterly Review**, an e-publication covering 15 jurisdictions in Asia.

In this thirty-first edition, we flag and comment on employment law developments during the first quarter of 2021 and highlight some of the major legislative, consultative, policy and case law changes to look out for in 2021.

This publication is a result of ongoing cross-border collaboration between 15 law firms across Asia with whose lawyers our firm has had the pleasure of working with closely for many years. For a list of contributing lawyers and law firms, please see the [contacts page](#).

We hope you find this edition useful.



2021

AUSTRALIA

CHINA

HONG KONG

INDIA

INDONESIA

JAPAN

MALAYSIA

NEW
ZEALAND

PHILIPPINES

SINGAPORE

SOUTH
KOREA

SRI LANKA

TAIWAN

THAILAND

VIETNAM

Click here
to view
2020 edition

Important:
action likely
required

Good to know:
follow
developments

Note changes:
no action
required

Looking
Back

Looking
Forward

LOOKING BACK

INDONESIA

15
FEB

2021

New Wage Rules for Some Labor-Intensive Industries Affected by Covid-19

The Indonesian Minister of Manpower ("MOM") issued MOM Regulation No. 2 Year 2021 on February 15, 2021, which concerns wages in specific labor-intensive industries (*padat karya*) during the ongoing Covid-19 pandemic. This regulation allows certain labor-intensive industrial companies affected by the pandemic to change how much employees are paid and the method of payment. Such changes, however, can only be introduced through an agreement with the employees.

INDONESIA

21
FEB

2021

New Regulation Looks to Ease Hiring Process for Foreign Workers

The Indonesian Government has issued various implementing regulations for the recently enacted Job Creation Law. Among these new implementing regulations is Government Regulation No. 34 Year 2021 dated February 2, 2021 regarding the Utilization of Foreign Workers ("GR No. 34"). GR No. 34 was made available to the public on February 21, 2021 and is expected to come into force on April 1, 2021.

GR No. 34 introduces a significant change to the expatriate work permit application process, removing the Notification (*Notifikasi*) application from the process. Previously, employers were required to obtain a Foreign Worker Utilization Plan (*Rencana Penggunaan Tenaga Kerja Asing* or "RPTKA") and a Notification approved and issued by the Minister of Manpower ("MOM") prior to employing foreign workers. GR No. 34 removes the Notification requirement and adds one new step, the RPTKA appropriateness assessment ("RPTKA Assessment"). During the RPTKA Assessment, the MOM will determine within two business days whether the submitted information and documents are correct and complete.

The stated aim of GR No. 34 is to simplify the process for hiring expatriate workers in Indonesia and in turn attract more investment into the country.

INDONESIA

21
FEB

2021

Changes to Employment Termination Process

Another implementing regulation for the Job Creation Law, Government Regulation No. 35 Year 2021 dated February 2, 2021 regarding Fixed-Term Employment, Outsourcing, Working Hours and Rest Times, and Termination ("GR No. 35") came into effect on February 2, 2021 but was only made available on February 21, 2021. GR No. 35 confirms significant changes to the employment law regime, including:

- new specific requirements for Fixed-Term Employment Agreements (*Perjanjian Kerja Waktu Tertentu* or "PKWT");
- new compensation for PKWT workers;
- new protections for workers at outsourcing companies;
- changes to business licensing for outsourcing companies;
- new provisions on working hours, overtime, and rest times for workers;
- new procedures for termination of employment; and
- changes to severance pay, long-service pay, and compensation rights.

INDONESIA

21
FEB

2021

Regulation on Hourly Wages

Government Regulation No. 36 Year 2021 dated February 2, 2021 regarding Wages ("GR No. 36") is also an implementing regulation for the Job Creation Law. GR No. 36 came into effect on February 2, 2021 but was only made available to the public on February 21, 2021. GR No. 36 confirms that employers can pay part-time employees by the hour.

2021

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CHINA

HONG KONG

INDIA

INDONESIA

JAPAN

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NEW
ZEALAND

PHILIPPINES

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SOUTH
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SRI LANKA

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THAILAND

VIETNAM

Click here
to view
2020 edition

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required

Looking
Back

Looking
Forward

LOOKING BACK

INDONESIA

**21
FEB**

2021

New Job Loss Security Program

Another implementing regulation for the Job Creation Law is Government Regulation No. 37 Year 2021 dated February 2, 2021 regarding the Implementation of the Unemployment Benefits Program ("GR No. 37"), which came into effect on February 2, 2021 but was just made available on February 21, 2021. GR No. 37 introduces a new job loss security program. The contribution to the Job Loss Security Program is 0.46% of an employee's monthly salary. This will be paid by the Indonesian Government and the Job Loss Security Program funding resources (sourced from recompositing the occupational accident and death security contributions that are paid by employers). The benefits of this new program comprise cash, access to job market information, and job training.

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