

Client Alert

Brigitta I. Rahayoe & Partners

MANPOWER RELATIONSHIPS UNDER INDONESIA'S NEW MANPOWER PROTECTION LAW

READ TIME
10 MINS

PUBLISHED DATE
16 NOVEMBER 2026

MANPOWER RELATIONSHIPS UNDER INDONESIA'S NEW MANPOWER PROTECTION LAW

With the enactment of the Law No. 27 of 2026 regarding Manpower Protection ("**Law 27/2026**"), Law No. 13 of 2003 regarding Manpower, as amended from time to time, has been repealed and replaced by a new manpower protection framework. The Law 27/2026 introduces several notable developments to Indonesia's manpower law framework, including new concepts and revisions to existing employment arrangements.

As part of series covering the Law 27/2026, this client alert discusses several provisions relating to manpower relationships and workforce arrangements, i.e., Specific Work Arrangements (*Hubungan Pekerjaan Tertentu* - "**HPT**"), outsourcing arrangements, Fixed-Term Employment Agreements (*Perjanjian Kerja Waktu Tertentu* - "**PKWT**"), and Unspecified Employment Agreements (*Perjanjian Kerja Waktu Tidak Tertentu* - "**PKWTT**").

1. Prohibition on Retaining Employees' Diplomas and Personal Documents

Prior to the enactment of Law 27/2026, the applicable manpower laws and regulations did not expressly prohibit employers from requiring or retaining employees' diplomas and personal documents.

One of the notable new provisions introduced under the Law 27/2026 is the prohibition on employers from the practice of retaining employees' diplomas and/or personal documents as a condition of employment or as security for the employment relationship.

The prohibition does not apply to diplomas or personal documents associated with education or training funded by the employer, to the extent that the arrangement is supported by a legitimate legal basis and is expressly provided for in a written employment agreement.

CONTINUE TO NEXT PAGE ►

RELATED PEOPLE



Ahmad Fadli
Senior Associate



Chantika Putri
Associate



2. Introduction of HPT

Another significant development is the introduction of the concept of HPT. Prior to the Law 27/2026, Indonesia's manpower law regime generally recognized employment relationships only in the form of PKWT and PKWTT.

Under the Law 27/2026 HPT may be carried out through partnership agreements or other contractual arrangements for specific work. The law expressly defines HPT to include work performed through digital platforms, including those of under a partnership arrangement.

Although an HPT arrangement is distinct from a conventional employment relationship, such as PKWT and PKWTT, individuals engaged under such arrangement remain entitled to certain minimum protections, including the right to fair remuneration, occupational health and safety protection, social security coverage, and other rights agreed upon by the parties.

3. Outsourcing Arrangements

The Law 27/2026 continues to permit companies to outsource part of their business activities to another company under a written outsourcing agreement. The law provides that outsourced activities must only be applicable for supporting services or activities that are not directly related to the production process.

The Law 27/2026 expressly identifies several examples of supporting services, including:

a. cleaning services;
b. catering services for employees;
c. security services; and/or
d. employee transportation services.

CONTINUE TO NEXT PAGE ►



4. PKWT

One of the notable changes introduced by Law 27/2026 concerns the duration and extension of PKWT arrangements.

The Law 27/2026 maintains the principle that a PKWT may only be used for works which, by its nature, characteristics, or activities, are expected to be completed within a specified period and may not be used for permanent works.

The law further provides that a PKWT may be entered into either for a specified period or until the completion of a particular project, with a maximum term of 2 (two) years. Such PKWT may only be extended twice, with each extension not exceeding 1 (one) year. In addition, an employer intending to extend a PKWT must notify the relevant employee in writing of the proposed extension at least 7 (seven) days prior to the expiration of the existing PKWT.

The Law 27/2026 also reiterates that a PKWT must be executed in writing in the Indonesian language and registered with the relevant government authority. Furthermore, a PKWT may not include a probationary period. A PKWT that is entered into for work of a permanent nature or otherwise fails to satisfy the statutory requirements may, by operation of law, be deemed a PKWTT.

5. PKWTT

One of the notable developments under Law 27/2026 is the introduction of more comprehensive requirements governing the probationary period under a PKWTT arrangement.

While the Law 27/2026 continues to permit a probationary period of up to 3 (three) months, it introduces additional requirements regarding employee remuneration and protection during the probationary period.

CONTINUE TO NEXT PAGE ►



Employers are required to pay employees at least 75% of the salary applicable to the relevant position, provided that the amount is not lower than the prevailing minimum wage. Employers are also required to provide social security coverage and fulfil other statutory employment rights throughout the probationary period.

The law further provides that employees who satisfy the applicable requirements and successfully complete the probationary period must be appointed under a PKWTT arrangement. In addition, any probationary period must be expressly stipulated in the relevant employment agreement or appointment letter. Failing such stipulation, the probationary period will be deemed not applicable. These provisions reflect a more detailed regulatory framework governing probationary periods and reinforce the protection afforded to employees during the early stages of employment.

This Client Alert is provided for general information purposes only and does not constitute legal advice. Please contact us should you require further information or assistance regarding the Law 27/2026 or related matters.

For further information regarding the above Client Alert and future updates, please contact our counselors at:

Ahmad Fadli: ahmad.fadli@brigitta.co.id
Chantika Putri: chantika.putri@brigitta.co.id

BRIGITTA I. RAHAYOE & PARTNERS
Suite 9B, 9th Floor, Sahid Sudirman Centre
The Sahid City Complex
Jl. Jend. Sudirman No. 86
Jakarta Pusat 10220
Indonesia
P : +6221 2788 9027
W : https://www.brigitta.co.id