



## INDONESIA SIMPLIFIES THE HIRING OF FOREIGN MANPOWER

On 29 March 2018, President Joko Widodo issued Presidential Regulation Number 20 of 2018 on Foreign Manpower Utilization ("**Presidential Reg 20/2018**"). Presidential Reg 20/2018 aims to support the national economy and the expansion of employment opportunities through increased foreign investment and is part of President Joko Widodo's current economic reform process.

The main highlight of Presidential Reg 20/2018 is that the administrative process for which approval was required for hiring foreign manpower has been simplified. Under Presidential Reg 20/2018, employers now only require approval of their Foreign Manpower Utilization Plan (*Rencana Penggunaan Tenaga Kerja Asing* - "**RPTKA**") to hire foreign manpower. Previously, employers needed both approval of their RPTKA and also to have obtained Work Permits (*Izin Mempekerjakan Tenaga Kerja Asing* - "**IMTA**") for their foreign manpower. Presidential Reg 20/2018 replaces Presidential Regulation Number 72 of 2014 on The Utilization of Foreign Manpower and the Implementation of Education and Training for Assistant Employees.

### Highlights

An RPTKA which has been approved by the relevant minister remains valid for as long as the foreign manpower are employed and constitutes a permit to hire the foreign manpower. However, employers must provide the relevant minister the following data of their foreign manpower:

1. their name, gender, date and place of birth;
2. their nationality, number, date of expiry, and place of issuance of their passport;
3. their position and service period;
4. a written statement and guarantees from the employer; and
5. their educational/professional certificates and details of their previous employment, or certificates of competence, depending on the job requirements.

To work in Indonesia, foreign manpower still requires a limited-stay visa ("**VITAS**") issued by the Ministry of Law and Human Rights ("**MOLHR**") or the appointed immigration official allowing them to enter Indonesia to work. They are also still required a limited-stay permit ("**ITAS**") to reside and work in Indonesia. Under Presidential Reg 20/2018, an ITAS can be applied for and obtained at such immigration check points as those at major airports in Indonesia or at the same time as a VITAS at an Indonesian embassy/consulate abroad. In the past, an ITAS was obtained only after the foreigner entered Indonesia under a VITAS.

Presidential Reg 20/2018 requires employers to enrol their foreign manpower who have worked for more than 6 months in the health social security program and/or provide them health insurance cover provided by an Indonesian insurance company. This requirement follows the current laws on the National Social Security Program (SJSN).

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## Urgent Work

To perform urgent work, Presidential Reg 20/2018 provides a simpler process for hiring foreign manpower. They can now enter Indonesia with the relevant visa and limited stay permit designated for urgent work and then the application for approval of the employer's RPTKA for urgent work can be submitted within 2 days of the foreign manpower commencing work.

If foreign manpower is employed by a government institution, a foreign country's representative or an international organization, the employer does not require RPTKA approval nor does it need to pay the 'contribution' fee.

## Transfer of Knowledge

For the transfer of knowledge, employers are still required to appoint Indonesian employees as assistants of the foreign manpower and provide them training and education according to the positions of the foreign manpower. Under Presidential Reg 20/2018, employers must also facilitate education and training in Bahasa Indonesia for the foreign manpower.

## Transitional Phase

Presidential Reg 20/2018 will come into effect on 29 June 2018. Following the changes to the requirements to hire foreign manpower, the RPTKA approvals and IMTAs issued under the previous 2014 regulation remain valid and applications submitted before the Presidential Reg 20/2018 comes into effect should be completed according to Presidential Reg 20/2018.

Although Presidential Reg 20/2018 aims to simplify the hiring of foreign manpower, how it will be implemented in practice remains unclear as the Indonesian government is now introducing a system unlike the recognized practice for hiring foreigners that has been running and implemented for years. Employers therefore need to familiarize themselves with the new rules, but also be aware of possible changes to the implementation in practice of these latest changes to Indonesia's foreign manpower regulatory regime.

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