



**Indonesia: Update in Relation to the COVID-19
Outbreak (As of March 27, 2020)**

***This article is based on the information as of March 27, 2020.**

INDONESIA COVID-19 OUTBREAK- EMPLOYER GUIDELINE

In response to the COVID -19 outbreak, the Indonesian Minister of Manpower recently issued Circular Letter No. M/3/HK.04/III/2020 TAHUN 2020 (“**Circular Letter**”) to protect the rights of employees as well as ensuring business continuity during the outbreak.

Below are a few crucial points you need to know about employee salary protection as prescribed under the Circular Letter:

1. General Statutory Provision for Employees’ Sickness Absence

Law No. 13 of 2003 on Manpower (“**Manpower Law**”) provides a general rule of “no work no pay”, with the exception that if employees are absent due to illness, they are still entitled to receive 100% of their salary for the first 4 months.

After the first 4-month sickness absence period, their salary will be reduced gradually depending on the length of their absence period.

2. Salary Policy for COVID-19 Quarantined Employees

A. For People Under Monitoring (*Orang Dalam Pemantauan*) (“PUM”) and COVID-19 Suspects

The Circular Letter broadens the interpretation of sickness as defined under the Manpower Law by requiring employers to pay full (100%) salary to:

- (i) PUM who are unable to come to work for a maximum of 14 days; or
- (ii) COVID-19 Suspects who are placed under quarantine or in isolation based on a doctor’s note.

B. For COVID-19 Patients

For COVID-19 patients, the Circular Letter mandates employers to pay the salaries of COVID-19 patients in accordance with the provisions of the Manpower Law as described above.

3. Salary Adjustment

In response to certain directions and instructions from the Government, including those contained in the Circular Letter, companies may have to issue and implement internal policies such as work-from-home and salary adjustment policies. However, it should be noted that any policy affecting the pay of employees must be mutually agreed between the employer and the employees. Such requirement to seek a mutual agreement on the salary adjustment is consistent with the general principle of contract and the applicable Manpower Law, both of which serve as the legal grounds for the employment relationship.

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