



Indonesia Immigration Alert

Recent Changes in Immigration – Minister of Manpower regulation No.35 of 2015 concerning amendment of Minister of Manpower regulation No.16 of 2015

Background

The Indonesian Minister of Manpower (“MoM”) has issued a new Regulation number 35/2015 (“MoM number 35/2015”) as an amendment of the recent MoM Regulation number 16/2015 (“MoM number 16/2015”), regarding General Procedures and Requirements for Employing Expatriates in Indonesia. This new regulation provides some important changes, including eliminating some types of activities that require a work permit, abolishing the ratio of expatriates to national employees, etc., which were previously required under MoM number 16/2015.

Changes

Summarized below are the salient points of the amendments:

No.	Subject Matter	MoM No. 16/2015	MoM No. 35/2015
1.	Expatriate to National Employee Ratio	Need to have at least 10 Indonesian national employees for every 1 expatriate employee.	Abolishes 1:10 ratio

No.	Subject Matter	MoM No. 16/2015	MoM No. 35/2015
2.	Foreigner Manpower Utilization Plan (“RPTKA”) and Work Permit (“IMTA”) for Work under Temporary Classification	<p>A temporary RPTKA and IMTA is required for the following 8 activities:</p> <ol style="list-style-type: none"> 1. Providing guidance, counselling, and training in the application and innovation of the technology for the purpose of improving the quality and design of the products for the export market; or 2. Commercial film production which has been granted approval by the relevant government agencies; or 3. Giving a lecture; or 4. Attending meeting with representative / branch office in Indonesia; or 5. Conducting audit, production quality control, or inspection at a company branch in Indonesia; or 6. Expatriate who is still under probation period with the company; or 7. One time job; or 8. Work related to machine installation, electrical, after sales services, or products that are in business exploration stage. 	<p>Reduces the types of activities that require a temporary RTPKA and IMTA to the following 3 activities only:</p> <ol style="list-style-type: none"> 1. Commercial film production which has been granted approval by the relevant government agencies; or 2. Conducting audit, production quality control, or inspection at a company branch in Indonesia for longer than 1 (one) month; or 3. Work related to machinery installation, electrical, after-sales service, or products that are in business exploration stage.
3.	Work Permit (“IMTA”) for non-resident directors and commissioners	Must apply for IMTA for the non-resident directors and /or commissioners of the Indonesian Company	Removes the requirement for non-resident directors and commissioners to obtain work permits in Indonesia
4.	SDF Payment	SDF payment should be converted into IDR currency for payment purpose	This provision is deleted. (Note: MoM requires SDF payment in USD currency)

No.	Subject Matter	MoM No. 16/2015	MoM No. 35/2015
5.	Domestic investment company (“PMDN”) cannot appoint foreigner as commissioner	Not regulated	Specifically regulated – PMDN is not allowed to appoint a foreigner as commissioner

Deloitte’s View

The recent MoM Regulation number 16/2015 was viewed as burdensome and not friendly to foreign investors as it required business travellers and non-resident commissioners and directors to have work permits. This new MoM rule will help to regain the attractiveness of Indonesia for foreign investments, which the current government is promoting.

Contacts

If you have any questions concerning the issues in this Immigration Alert, please contact our professionals at our Deloitte office as follows:

Connie Chu

+62 21 29923100 ext. 33777

cchu@deloitte.com

Irene Atmawijaya

+62 21 29923100 ext. 33776

iatmawijaya@deloitte.com

Vera Widiawati

+62 21 29923100 ext. 33768

vwidiawati@deloitte.com

Deloitte Tax Solutions

The Plaza Office Tower, 32nd Floor

Jl. M.H. Thamrin Kav 28-30

Jakarta 10350, Indonesia

Tel: +62 21 2992 3100

Fax: +62 21 2992 8303

email: iddttl@deloitte.com

www.deloitte.com/id

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