

# PwC Indonesia Legal Alert

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## Page 1

Enhancing legal  
safeguards for workers in  
termination disputes:  
Insights from  
Constitutional Court  
Decision No. 132/PUU-  
XXIII/2025

# Enhancing legal safeguards for workers in termination disputes: Insights from Constitutional Court Decision No. 132/PUU- XXIII/2025

## I. Introduction

On 17 September 2025, the Constitutional Court of the Republic of Indonesia issued a landmark ruling on the judicial review of Article 82 of Law No. 2 of 2004 on the Settlement of Industrial Relations Disputes (**Law 2/2004**). This decision (Constitutional Court Decision No. 132/PUU-XXIII/2025) reshapes the legal framework governing employment termination disputes by addressing critical issues related to procedural fairness and workers' access to justice.

Prior to this ruling, Article 82 of Law 2/2004 limited the time for workers to file a lawsuit regarding employment termination to **one year from the date the employer's decision was notified**. This deadline often proved problematic in practice, especially when prolonged dispute resolution processes delayed workers' ability to initiate court action.

This legal alert summarises the key aspects of this decision, explains the changes made, and highlights the practical implications for employers and workers alike.

## II. Background: the contested provision and its judicial history

Article 82 of Law 2/2004 regulates the timeframe for lodging lawsuits regarding the termination of employment disputes with the Industrial Relations Court. Before the Constitutional Court's recent intervention, the provision read: "a lawsuit filed by a worker regarding termination of employment may only be submitted within one (1) year from the date the employer's decision is received or notified."

This restricted timeline had already sparked several constitutional challenges, including:

- **Decision No. 114/PUU-XIII/2015**
- **Decision No. 94/PUU-XXI/2023**

In these, the Court modified the wording but retained the fundamental one-year limit starting from receipt of the termination decision.

The latest petition, which culminated in Constitutional Court Decision No. 132/PUU-XXIII/2025, arose from a former employee who was barred from filing a termination dispute lawsuit because the procedural requirements and delays meant the one-year limitation elapsed prematurely.

## III. The industrial relations dispute resolution procedure: a quick recap

Before workers can bring a lawsuit to the Industrial Relations Court in Indonesia, the law mandates a series of steps aimed at encouraging amicable dispute resolution. The process begins with bipartite negotiations, where the employer and employee engage directly to reach an agreement within 30 working days. If successful, the parties formalise a binding agreement that must be registered with the Court. However, if negotiations fail or one party refuses to participate, the dispute moves to formal resolution stages.

Following unsuccessful bipartite negotiations, the parties are required to attempt conciliation. If the parties do not choose to proceed with conciliation, the labour office will appoint a mediator, and the employment termination dispute will be resolved through mediation. Although the law expects these resolution efforts to be completed within 30 working days, delays in practice are common due to uncooperative behavior.

Only after conciliation or mediation fails, and with proper documentation of these attempts, can a lawsuit be filed with the Industrial Relations Court. Previously, the deadline to file such a lawsuit was limited to one year from the date the termination decision was notified.

## IV. Issues arising from the previous legal framework

In practice, employers' uncooperative behaviour—ignoring negotiation invitations or delaying mediation—often extended dispute resolution well beyond the one-year lawsuit filing deadline. This left many workers powerless to pursue legal action, infringing on their constitutional rights to justice and fair treatment under:

- Article 28D(1): Legal certainty and equal protection
- Article 28H(2): The right to obtain information and equitable access to justice

This gap between procedural requirements and filing deadlines created **legal uncertainty and injustice**, triggering the Constitutional Court's latest intervention.

#### V. Key legal change in Decision No. 132/PUU-XXIII/2025

Answering these concerns, the Constitutional Court amended Article 82 of Law 2/2004 to read:

“a lawsuit by a worker regarding termination of employment may only be filed within one (1) year from the date on which mediation or conciliation fails to reach an agreement.”

##### What does this mean?

- The limitation period **now begins only after** formal dispute resolution (mediation or conciliation) fails.
- Workers are no longer penalised if the dispute resolution process is prolonged or hampered by uncooperative parties.
- This change better aligns with principles of procedural fairness and access to justice.

##### Practical implications for employers and workers

###### For workers:

- Increased certainty and protection over their right to contest termination decisions.
- More realistic timeframe to complete all mediation or conciliation steps before filing a lawsuit.
- Reduced risk of losing legal recourse due to procedural delays outside their control.

###### For employers:

- Heightened responsibility to engage **cooperatively and promptly** in all stages of dispute resolution.
- Risk of prolonged disputes if parties impede negotiations or mediation.
- Potential financial and reputational costs associated with lengthened resolution periods.

###### For both:

- Encouragement for **meaningful bipartite negotiations and conciliation/mediation** to resolve disputes early.
- Increased legal emphasis on procedural compliance as a determinant of dispute outcomes.

##### What businesses should do next:

- **Review and update internal termination procedures:**  
Ensure termination decisions incorporate accurate documentation and respect procedural steps.

- **Enhance cooperation in dispute resolution:**  
Promptly participate in bipartite negotiations and mediation to avoid extended and costly disputes.
- **Train human resources (HR) and legal teams:**  
Educate relevant staff on the amended legal timelines and dispute resolution requirements.
- **Monitor regulatory updates:**  
Anticipate implementing regulations and guidance following this decision for further clarity.

## **VI. Conclusion**

The Constitutional Court's Decision No. 132/PUU-XXIII/2025 marks a progressive development in Indonesian labour law, recalibrating protections for workers facing termination while underscoring the importance of fair and effective dispute resolution.

By linking the lawsuit filing deadline to the outcome of mediation or conciliation, the Court strengthens workers' access to justice and pushes all parties toward more earnest engagement in settlement processes. Employers should take proactive steps to comply with these updated procedural safeguards to avoid legal pitfalls and foster more stable industrial relations.

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