



INDONESIA

Updates on the Social Security System in Indonesia

Indonesia has been striving to extend social protection to its entire population of over 250 million people. In 2011, the government reformed the social security system, approving Law No. 24 on the social security organising body, Badan Penyelenggara Jaminan Sosial (BPJS). The BPJS Law helps meet the basic needs of the country's population.

The types of social security programmes under the BPJS Law include healthcare security and employment security. Healthcare security is managed by BPJS Healthcare, while employment security, which includes work accident security, old-age security, pension security and death security, is taken care of by BPJS Employment.

The BPJS employee social security contributions are calculated as follows:

Type of Insurance	Scope	Employer's Contribution	Employee's Contribution
BPJS Employment	Work accident insurance	0.24-1.74%	None
BPJS Employment	Death/life insurance	0.3%	None
BPJS Employment	Old age benefit	3.7%	2%
BPJS Employment	Pension*	2%	1%
BPJS Healthcare	Healthcare	4%	1%

* With a maximum salary cap of IDR 7 million
Upper limit: Twice of the personal tax exemption limit.

The contribution is calculated on the base salary plus other monthly fixed allowances and there is no cap or maximum to the amount of the contributions. All employees, including foreign employees who have worked in Indonesia for over six months, must participate in the social security program.

Healthcare Security

BJPS's healthcare security aims to cover the healthcare needs of all employees and residents, including foreign residents who have worked in Indonesia for over six months, under a single healthcare system.

The new healthcare plan has wider coverage of illnesses, ranging from the common flu to heart surgery, cancer and other diseases. The insurant contributes 2% of his salary every month, while his employer contributes 3%. Low-income earners can enjoy government subsidies. Private insurance companies can participate in this new healthcare program.

The government plans to issue 12 regulations to support the new healthcare programme. By 2019, all Indonesian residents will enjoy universal healthcare coverage.

Employment Security

All employees working in Indonesia must register with BPJS. All employers are required to enrol their employees in the old-age security and pension security plans in accordance with the Employment Security Law.

Employers that fail to register for their employees will receive a warning letter, penalty notice and will not be eligible to receive certain services provided by the government, including issuance and renewal of necessary business licenses and construction permits, and approvals to hire foreigners. Individuals who do not register with BPJS will be not able to receive their driver's license, land and vehicle ownership certificates as well as passports.

All employees working in Indonesia, including foreigners who have worked in Indonesia for over six months, must register and participate in the employment security programme.

Indonesia's retirement age is currently 56 years old. It will be revised to 57 years old from 1 January 2019. The retirement age will be increased by one year every three years, until it reaches 65 years.

Participants who have reached retirement age and participated in the employment security programme for at least 15 years will receive IDR 0.3-3.6 million of welfare every month until death. For those who have reached the retirement age, but have not been enrolled in the pension security programmes for 15 years, they are entitled to receive their total accumulated contributions and other extra benefits if any.

About BIPO



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