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## Newsletter

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# Indonesia: Constitutional Court Shifts 1-Year Deadline for Employment Termination Lawsuits



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## Introduction

### When Does the Clock Start?

Article 82 of Law No. 2 of 2004 on the Settlement of Industrial Relations Dispute establishes a one-year statute of limitations for employment termination cases.

In two recent decisions, the Constitutional Court (**MK**) stepped in to clarify the trigger point or starting point for calculating this one-year period. Initially, in Decision No. 94/PUU-XXI/2023 (**Decision 94/2023**), MK held that the one-year period is counted from the date the employee receives or is notified of the employer's termination decision (**Termination Notice**).

However, in a significant shift, in Decision No. 132/PUU-XXIII/2025 (**Decision 132/2025**), MK reinterpreted the same provision, stating that:

"An employee's claim regarding termination of employment can only be filed within one year from the date mediation or conciliation fails to reach an agreement."

This reinterpretation supersedes the earlier position under Decision 94/2023 and effectively resets the trigger for the statute of limitations.

## Key takeaways

### 1. Pre-Litigation Process is Emphasized

As emphasized by MK, bipartite negotiations and mediation or conciliation are mandatory procedural steps under the Industrial Relations Law, and these processes often take a considerable amount of time to complete. By shifting the one-year limitation period to start from the date mediation or conciliation fails to reach an agreement, MK has provided a clearer and fairer interpretation.

### 2. Limitation Period Remains One Year

The petition included a request to extend the limitation period from one year to three years. While the starting point has shifted, **MK rejected the request**. Thus, the one-year statute of limitations remains in effect, preserving legal certainty and procedural discipline.

### 3. What Constitutes as a “failure to reach an agreement in Mediation or Conciliation?”

MK did not redefine what qualifies as a failure to reach an agreement. It is important to note that such failure must be documented in writing, typically in the minutes issued by the mediator (or conciliator), confirming that no settlement was achieved.

The date recorded in these minutes serves as the legal starting point for calculating the one-year filing period.

## Conclusion

With Decision 132/2025 now in effect, employers and employees should maintain clear and well-organized records of their pre-litigation steps, as these records will now determine the starting point of the one-year statute of limitations.