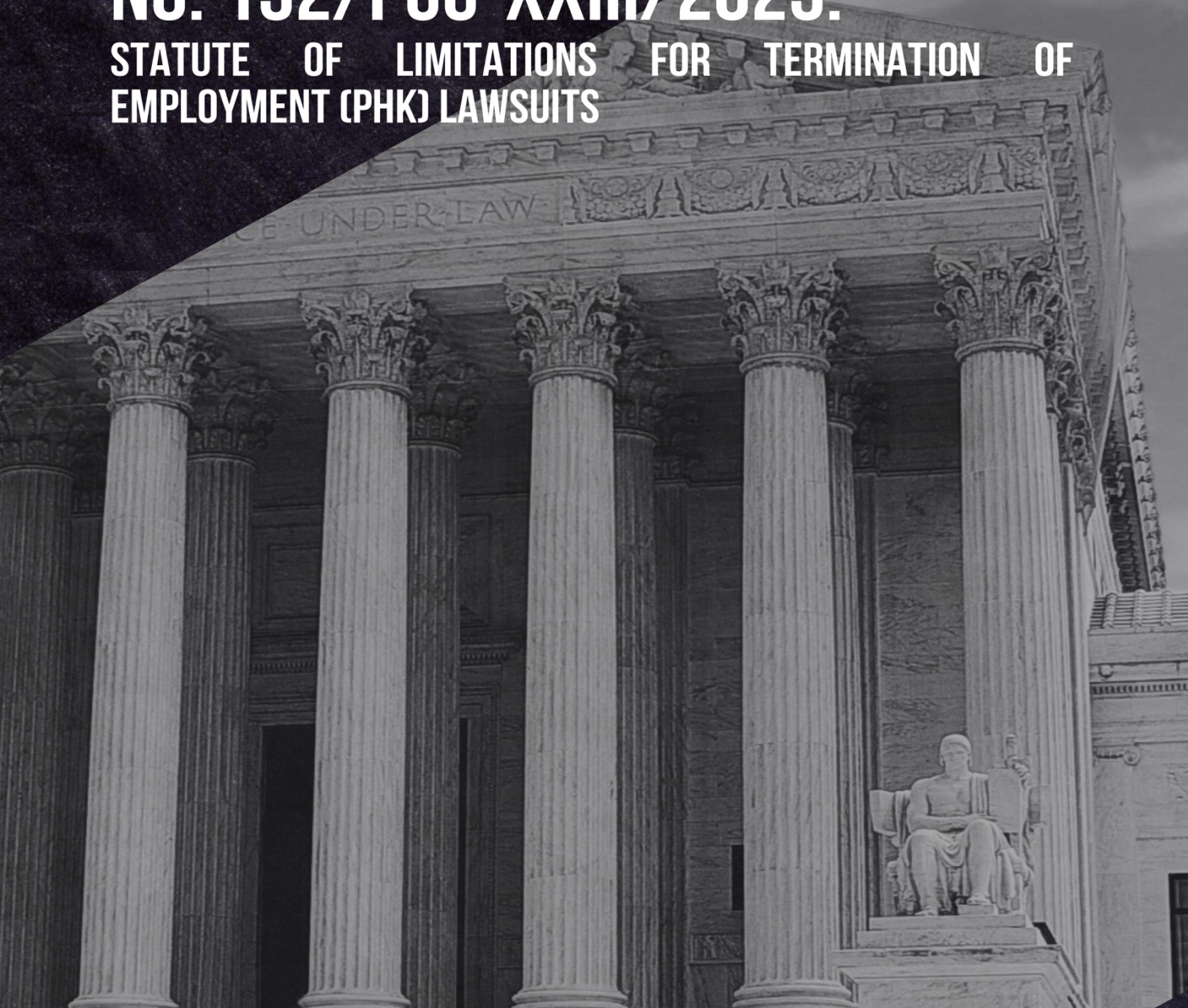




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CONSTITUTIONAL COURT DECISION NO. 132/PUU-XXIII/2025: STATUTE OF LIMITATIONS FOR TERMINATION OF EMPLOYMENT (PHK) LAWSUITS





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Overview & Introduction

The Constitutional Court Decision No. 132/PUU-XXIII/2025 (“**Decision No. 132/2025**”), officially rendered on September 17, 2025, marks a transformative and highly anticipated shift in the landscape of Indonesian labor law by fundamentally redefining the statute of limitations for filing termination of employment (PHK) lawsuits. This landmark ruling provides a new, constitutionally grounded reinterpretation of Article 82 of Law No. 2/2004 on Industrial Relations Dispute Settlement. By effectively moving the "starting point" of the one-year expiration period, the Court has acted to ensure that workers are no longer unfairly barred from seeking legal justice due to the often-lengthy administrative delays inherent in mandatory mediation, thereby reinforcing the constitutional right to fair labor treatment and legal certainty.

Key Takeaways from Constitutional Court Decision No. 132/PUU-XXIII/2025

1. The Core Change

The decision introduces a change in how the timing for employment termination disputes is calculated, placing greater emphasis on the completion of the dispute resolution process rather than the termination event itself. Under the previous legal framework, which was reinforced by Decision No. 94/PUU-XXI/2023, the one year deadline for an employee to file a lawsuit in the Industrial Relations Court was strictly calculated from the specific moment the worker received their formal termination notice. This mechanical interpretation frequently created a legal trap for workers, as the mandatory pre litigation stages, including bipartite negotiations and tripartite mediation at the Manpower Office, could easily consume the majority of that year, leaving the worker with a lapsed right to sue before they even reached the courthouse steps.

With the issuance of Decision No. 132/2025, the Court has ruled that the one year period now officially begins only when mediation or conciliation is formally declared unsuccessful by the relevant authorities. This failure of the alternative dispute resolution process must be evidenced by a concrete legal product, typically a written recommendation or formal minutes of the meeting issued by the mediator or conciliator at the local Manpower Office. By aligning the legal deadline with the actual conclusion of the mandatory out of court settlement process, the Court

ensures that the time spent attempting to resolve the dispute amicably in good faith is no longer weaponized against the worker's right to litigate or seek a judicial remedy.

Furthermore, the Court emphasized that this reinterpretation is a necessary measure to uphold substantive justice over mere procedural formality in the Indonesian legal system. While the Court did not grant the petitioner's request to extend the total duration of the limitation period to three years, choosing instead to keep the term at one year, it corrected the structural barrier that allowed the statute of limitations to expire while a worker was still diligently following the law's mandatory mediation steps. This change prevents bad faith actors from intentionally dragging out administrative processes as a tactical maneuver to wait out the period, thereby ensuring that the right to a judicial remedy remains accessible and effective for all members of the workforce regardless of their economic status.

2. Implications for Workers and Employers

For the Indonesian workforce, this ruling serves as a critical shield against the structural inequalities often found in industrial relations and provides a much needed layer of protection for labor rights. Many employees, particularly those with limited financial resources or lack of access to sophisticated legal counsel, find the bureaucratic hurdles of the Manpower Office to be overwhelming and exceptionally time consuming to navigate. This decision provides these workers with the vital breathing room needed to exhaust all settlement options during mediation without the looming fear that their window for legal recourse is closing; essentially, the law now pauses the expiration period until the state mandated negotiation avenues are officially and formally closed.

Conversely, for employers and corporate legal departments, the decision necessitates a much higher level of administrative precision and a strategic recalibration of their legal risk management protocols. Companies can no longer assume that a dispute is safe or legally expired simply because a year has passed since the termination letter was originally handed over to the employee. Human resources departments must now maintain meticulous documentation of the exact date a mediation was declared a failure by the authorities, as this document is now the primary evidence for determining the validity of a legal claim. The ruling forces a shift in focus toward the actual conclusion of the tripartite process, making the mediator's final report the most critical document in a company's labor litigation file.

Ultimately, the ruling fosters a more transparent and balanced industrial relations environment by encouraging both parties to engage in the mediation stage with genuine intent and mutual respect. Because the stakes are now tied to the official end of the mediation process, there is a systemic incentive for all parties involved to reach a resolution quickly and efficiently. Employers are motivated to settle to close their window of liability and avoid the potential for process wages that can accrue during prolonged disputes, while workers are empowered with a realistic and fair timeframe to prepare their legal arguments. This decision successfully harmonizes the need for legal certainty with the fundamental right of workers to have their grievances heard in a court of law.

3. Conclusion

In summary, Constitutional Court Decision No. 132/PUU/XXIII/2025 serves as a landmark correction to a procedural loophole that previously compromised the constitutional rights of the Indonesian workforce. By shifting the commencement of the one year statute of limitations from the date of termination to the date of failed mediation, the Court has effectively prioritized the principles of fairness and substantive justice over rigid administrative timelines. This ruling ensures that the mandatory stages of dispute resolution, specifically bipartite and tripartite negotiations, act as genuine opportunities for reconciliation rather than unintended barriers to the judicial system. It reinforces the notion that a worker's right to seek legal redress should not be extinguished by the very administrative processes designed to assist them.

Furthermore, this decision establishes a more rigorous and transparent standard for industrial relations disputes in Indonesia. It places a renewed emphasis on the official documentation issued by the Manpower Office, as the formal minutes of failed mediation now serve as the definitive legal trigger for litigation timelines. While the one year duration for filing remains intact, the shift in its application provides a necessary equilibrium between the employer's need for legal certainty and the employee's need for adequate time to seek justice. Ultimately, the ruling strengthens the integrity of the Industrial Relations Court and promotes a more balanced legal environment where both parties are incentivized to resolve conflicts through honest negotiation and timely legal action.

Jakarta, 20 February 2026

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