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Statute of Limitation for Filing a Lawsuit on the Termination of Employment

The Constitutional Court had issued Decision No. 94/PUU-XXI/2023 dated 29 February 2024 (“**Constitutional Court Decision**”) which clarified the statute of limitation for filing a lawsuit in connection with the termination of an employment relationship as stipulated under Article 82 of Law No. 2 of 2004 on Industrial Relations Dispute Settlement (“**Law 2/2004**”). The case related to the question of whether there was a statute of limitations on when a law suit for termination could be filed.

The Constitutional Court Decision stated that Article 82 of Law 2/2004 is to be read as follows:

“A lawsuit by an employee for termination of the employment relationship can only be filed within 1 (one) year from the receipt or notification of the decision from the employer.”

The above rule is based on the consideration of the Constitutional Court Judges that a statute of limitation for filing a lawsuit is necessary in order to balance the interests of employers and employees. Setting a time restriction for initiating a lawsuit is vital to ensure equitable legal certainty and preventing prolonged disputes between employers and employees by enabling their resolution within a defined timeframe.

Our employment team will be happy to discuss any questions you might have. Please contact Partner, Made Barata (mb@mkklaw.net) for further information.