

**New Outsourcing Regulation
Minister of Manpower Regulation No. 7 of 2026**

May 2026

On 30 April 2026, the Minister of Manpower issued regulation No. 7 of 2026 on Outsourcing Work (*Pekerjaan Alih Daya*) (“**MOM Regulation 7/2026**”), effective as of 30 April 2026.

MOM Regulation 7/2026 is an implementing regulation of Article 64 paragraph 2 of Law No. 13 of 2003 on Employment as amended by Law No. 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation to become Law and as the follow up of a mandate from the Constitutional Court Decision No. 168/PUU-XXI/2023 dated 31 October 2024.

The key highlights of MOM Regulation 7/2026 are as follows:

1. Outsourcing is now restricted to six supporting-work categories only, namely:
 - a. Cleaning services;
 - b. Food and beverage provision;
 - c. Security services;
 - d. Driver and worker transportation services;
 - e. Operational support services; and
 - f. Supporting work in mining, oil & gas and electricity sectors.
2. Any current outsourcing arrangement involving functions outside the above list must be restructured by 30 April 2028.
3. An outsourcing agreement must be in writing and such agreement must be recorded at the local Manpower Office where the outsourcing work is carried out within three days as of the execution of the agreement.
4. There are sanctions for failure to comply with the requirements under MOM Regulation 7/2026, namely:
 - a. Administrative sanctions on the User Company (*Perusahaan Pemberi Pekerjaan*) in the form of written warning, restriction of production capacity or suspension of business license; and
 - b. Administrative sanctions for the Outsourcing Company (*Perusahaan Alih Daya*) under the risk-based business licensing framework.

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