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Updates on Thailand's Labour Law

Overview

Thailand, strategically located in Southeast Asia, boasts a blend of robust infrastructure and economic diversity, making it an attractive destination for investors and businesses.

Thanks to the tourism industry, Thailand's employment rose by 1.7% in the final quarter of 2023 ([Reuters, 2024](#)). In turn, the minimum wage in Thailand has been revised with effect from 1 January 2024.

Read on to find out more about payroll compliance and labour laws in Thailand.

Basic Country Facts



Capital
Bangkok



Population
71.697 million
[The World Bank](#)



Currency
Thai Baht (THB, ฿)



GDP per Capita
USD \$6,910.00 (as of 2022)
[The World Bank](#)

Thailand's Economic Outlook

Strategic Location to ASEAN and Hub	Sharing borders with 4 other countries (Myanmar, Laos, Cambodia, and Malaysia) gives it access to a large and growing consumer market via land access.
Special Economy Zone, Eastern Economy Corridor (EEC) and Deep-Sea Port	These economic infrastructures, which encompass the Laem Chabang deep-sea port and U-Tapao airport, are developed to attract investors and uplift innovation and advanced technology in Thailand.
Incentive for Investors in EEC	The Board of Investment (BOI) offers many benefits for investors, such as exemptions from foreign talent quota and company tax (conditions required).
Key Drivers in Thailand	Thailand's economy is fueled by Tourism, which remains the key driver for GDP growth. Additionally, the country excels in agricultural exports and private investments, especially in the Electronic Vehicle (EV) industry.

Employment Terms in Thailand

Employment Contract

The employment contract can be in oral or written format. Best practice is to have a strong, written contract in place, which can be bi-language, but only the Thai language will be considered in the court in case of any dispute.

Type of Employment

- Fixed term (certain period of time, 3, 6, 12, 24 months and so on)
- Indefinite period (permanent employment)

Probation Period

The Labour Protection Act does not mention a probationary period; however, 119 days is the most common practice. In the case of employees being dismissed from the company due to whatever reasons within or before of 119 days of employment, regardless of employment type, employees are eligible to receive the severance payment.

Severance Payment

Uninterrupted Employment Period	Severance Pay *days of the most recent pay rate
120 days < 1 year	30 days
1 year ≤ 3 years	90 days
3 years ≤ 6 years	180 days
6 years ≤ 10 years	240 days
10 years ≤ 20 years	300 days
20 years or more	400 days

Statutory Contributions

Social Security

Social Security (submission: monthly)

5% contribution of employee's base salary from both **employee and employer** equally
(**minimum base salary** and **maximum base salary** capped at **1,650 THB** and **15,000 THB** respectively)

Base Salary (THB)	EE ¹ Contribution (THB)	ER ² Contribution (THB)
1,650	83	83
12,000	600	600
15,000	750	750

Submission method (Monthly)

Manual submission before **7th** of next month

Online submission before **14th** of next month (company needs to have online credential)

¹Employee ²Employer

Workmen's Compensation

Workmen's Compensation (submission: yearly)

Pro-rated amount based on employee's annual salary (**maximum base salary** capped at **20,000 THB per month**)
to be contributed by **employer only**

Base Salary (THB)	Minimum Risk (0.1%)	Maximum Risk (1%)
12,000	$15000 \times 0.1\% = (15 \text{ THB/month})$	$15,000 \times 1\% = (150 \text{ THB/month})$
20,000	$20,000 \times 0.1\% = (20 \text{ THB/month})$	$20,000 \times 1\% = (200 \text{ THB/month})$
Pro-rated Amount per year	240 THB	2,400 THB

Submission method (Yearly, pro-rated)

1st submission due **31st Jan**

2nd submission (after revised amount by Social Security Office) due **28th Feb**

**The above calculation is a sample for visualisation purposes only.
Actual amount will be based on the employee's actual base salary.*

Other Mandatory Payments

Student Loan Fund (SLF)

Employers who fail to deduct from employees' salaries to pay off their government-funded student loans will be held legally and financially responsible for missed loan repayment.

What is SLF?

- The Thai Student Loan Fund was **established in 1996** by the Thai government.
- This loan fund is designed for **students** from **lower-income groups** of society to provide access to upper secondary and higher education, as well as to reduce the existing gap between rich and poor in terms of educational rights and human capital development.
- Student loan funds are provided for **upper secondary, vocational** and **undergraduate** levels of education.
- For the undergraduate level of education, the loan is directly forwarded to the university based on its previous record through the Office of Higher Education Commission, OHEC. This loan fund covers tuition fees, other education expenses, and living expenses.

Legal Execution Deduction

Legal Execution Department (LED)

The department will send a **copy of the writ of execution** and a form to submit the **sequestration money**, and it will order the company to deduct the employee's salary for them because the employee lost in a court case and owed someone/other party or bank.

Deduction Sequence

- His salary in excess of 20,000 THB per month (the employee should get the first 20,000 THB);
- 50% of his bonuses;
- All payments to be made to the employee if the company lets him go which is more than 300,000 THB (the employee should get the first 300,000 THB); and
- 30% of other compensations that are paid to him occasionally, e.g. overtime payment, gifts.

Disability Fund

Employment of Disabled Persons

Both public and private companies must employ persons with disabilities in suitable positions and proportions in accordance with the Persons with Disabilities Empowerment Act, B.E. 2550 (2007).

100:1 Ratio Proportion

- For every 100 employees, the company can (must) hire a person with disabilities suitable to work in any position.
- If the number of employees exceeds the next 50, an additional disabled person **needs to be hired**, i.e. **155:2, 200:2, 260:3**, and so on.

In case the company cannot hire, the fund needs to be submitted to the department based on the (daily, monthly minimum rate as per quota/ratio).

The amount is calculated by multiplying the lowest rate of the minimum wage (prescribed in the labour law in the year before the year the money needs to be remitted to the Fund) with 365 and the number of non-disabled employees.

Skill Development Report/Fund

Skill Development Promotion Act

- The objective of the Skill Development Promotion Act is to enhance the skill standard of the labour force and promote the occupational knowledge and competence of employees.
- Companies employing more than 100 employees are required by law to consider the Skill Development Promotion Act and to arrange skill development programmes for at least 50% of its total employees.

Privileges and Benefits for Training

- Special tax exemption from corporate income tax at 100% of the training expenses.
- Access to the assistance offered by the Department of Skill Development in relation to personnel training, curriculum development training, training-aid materials development training, training for skill standard testing providers, supervisor training or other similar training programmes.
- Access to consultation provided by the [Department of Skill Development](#) in relation to skill development processes.
- Any other benefits as prescribed by the Ministerial Regulation.

Penalty/Fund

Companies that do not arrange any skill development programme or fail to meet the minimum proportion must pay contributions to the skill development fund at 1% of the current legal minimum hourly wage.

Other Non-mandatory Payments

Provident Fund

- The company can set the **provident fund policy** of contribution rate **between 2% to 15%** with the fund manager (financial bank provider).
- The company can allow the employee to change the contribution percentage once a year or every month (depending on the policy). The total contribution should not exceed 500,000 THB each year.
- The company can also **fix the same contribution rate** for both employees and employers (depending on policy).
- To change the contribution percentage, the employee will need to fill out a form with HR and company authorisation to sign and send to the fund manager for approval. This process takes approximately one month.

Below is a sample calculation:

Salary (THB)	EE ¹ (3%)	ER ² (3%)
20,000	600	600

¹Employee ²Employer

Group Insurance

Although not mandatory, group insurance is beneficial as it provides more coverage than social security (not convenient to use, only stick to one hospital, long queue, etc). Other benefits include:

- **Convenience** - not much paperwork and very straightforward with the pre-design plan
- **Customisable** - depends on the need, budget and many coverages to further protect employees and business needs
- Increase employee **retention** and satisfaction
- **Cost Savings** - to compare with individual insurance

New Minimum Wages (Effective Jan 2024)

No.	Minimum Wage (THB a day)	Number of Provinces	Provinces
1	330	3	Narathiwat, Pattani, Yala
2	338	4	Trang, Nan, Phayao, Phrae
3	340	16	Ranong, Satun, Loei, Nong Bua Lamphu, Udon Thani, Maha Sarakham, Sisaket, Amnat Charoen, Mae Hong Son, Lampang, Sukhothai, Uttaradit, Kamphaeng Phet, Phichit, Uthai Thani, Ratchaburi
4	341	5	Chainat, Sing Buri, Phatthalung, Chaiyaphum, Ang Thong
5	342	5	Nakhon Si Thammarat, Bueng Kan, Kalasin, Roi Et, Phetchabun
6	343	3	Yasothon, Lamphun, Nakhon Sawan
7	344	3	Phetchaburi, Chumphon, Surin
8	345	15	Kanchanaburi, Prachuap Khiri Khan, Surat Thani, Songkhla, Phang Nga, Chanthaburi, Sa Kaeo, Nakhon Phanom, Mukdahan, Sakon Nakhon, Buriram, Ubon Ratchathani, Chiang Rai, Tak, Phitsanulok
9	347	2	Krabi, Trat
10	348	3	Suphanburi, Nakhon Nayok, Nong Khai
11	349	1	Lop Buri
12	350	6	Phra Nakhon Si Ayutthaya, Saraburi, Chachoengsao, Prachinburi, Khon Kaen, Chiang Mai
13	351	1	Samut Songkhram
14	352	1	Nakhon Ratchasima
15	361	2	Chonburi, Rayong
16	363	6	Bangkok , Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon
17	370	1	Phuket

Overtime Payment Rules

Remark	Monthly Staff	Daily Staff
Normal working hour		
After Working hour	1.5 times	1.5 times
Normal working hour Weekend and PH	1 time	2 times
After Working hour Weekend and PH	3 times	3 times

Hiring Foreigners in Thailand

Work Permit

Under Ordinary Company

- **4:1 employment ratio** quota of four local Thai employees to one foreign employee
- The company must have a registered capital of **2 million THB per foreign employee**

Under BOI (Board of Investment)

- Unlimited hire under BOI approval, i.e. BOI-promoted companies have no restrictions on hiring foreign employees

Minimum Salary for Foreigners

- CLMV (Cambodia, Laos, Myanmar, Vietnam) and African countries: **25,000 THB**
- Asian countries except Singapore: **35,000 THB**
- Singapore, South Korea, Taiwan, and Hong Kong: **45,000 THB**
- Eastern European Countries, Australia, Canada, Japan, and USA: **50,000 THB**

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Around the World with BIPO

At BIPO, we are committed to facilitating international business growth. Here's a quick look at how we foster discussions with the business community, sharing our expertise at local events across the region!

The Netherlands

2-3 May

HR Technology Conference & Exposition Europe 2024



Japan

8-10 May

Japan HR Expo 2024



Australia

28-29 May

Cornerstone Partner Summit 2024



Singapore

7 May

BIPO x SBF Joint Event:
Tech-Driven Market Expansion

GLOBAL
CONNECT
@SBF



14-16 May

World HR Congress 2024



21 May

Workday Elevate
Singapore 2024



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