



THAILAND

Employment Law Landscape in Thailand

In Thailand, the rights and responsibilities of an employer and employee are typically governed by the Labour Protection Act, B.E. 2541 (1998) (“LPA”), the Labour Relations Act, B.E. 2518 (1975), and the Civil and Commercial Code, with the LPA being the main statute governing employment. Thailand has by and large been regarded as having a pro-employee landscape and the labour force is largely non-unionized even though the labour unions have begun to play more active roles in recent years. Although the labour unions are operating under the auspices of the Labour Relations Act, B.E. 2518 (1975), working conditions are regulated by statutory law, rather than by collective agreements.

Form of Employment Contract

All relationships of employment are viewed as contracts of hire of services. Although under Thai law, there is no requirement for a contract of employment to be in writing, it is strongly advised that employers and employees have written contracts to clearly specify the terms and conditions of employment. The basic conditions that are required to be stated are the wages and wage period, annual leave, confidentiality, and the length of notice required to terminate the employment.

Working Hours and Wages

The maximum working hours should not exceed eight hours

per day or 48 hours per week. For work considered hazardous to health, work is limited to 7 hours per day or 42 hours per week. From April 2018, the minimum daily wage ranges from Baht 308 to Baht 330, varying from province to province. The revised is about 2 to 7 percent higher than current levels.

Leave and Holidays

Under the LPA, all employees, whether full-time, part-time, seasonal, casual, occasional, or contract, are entitled to weekly leave and traditional paid holidays. Employees are entitled to at least six working days of paid annual leave and 13 public holidays per year, including National Labour Day (1 May).

An employer is entitled to require an employee to work on a holiday if the employee performs work in the business of a hotel, theatre, transportation, restaurant, refreshment shop, club, association, medical establishment, or in other types of business prescribed by the ministerial regulations. The employer must agree with the employee that another day be taken as a holiday in substitution for that holiday or that the employer pay wages for working on a holiday to the employee.

Additionally, employees can apply for paid sick leave, up to 30 working days each year.

Termination and Severance Pay

An employee may be dismissed without notice or severance payment under any of the following circumstances:

- Dishonestly performing his/her duty or intentionally committing a criminal offense against the employer.
- Intentionally causing damage to the employer.
- Negligently causing gross or serious damage to the employer.
- Violating work regulations, rules, or lawful orders of the employer after written warning has been given by the employer other than in serious cases when the employer is not required to give any warning.
- Being imprisoned by a final judgement of imprisonment.
- Neglecting duty for 3 consecutive working days without justifiable reason.

A termination notice is not required to be in writing. A verbal notification by the employer or authorised person of the employer is considered as a valid notice of termination. Additionally, there is no requirement to state the reason for termination within the notice.

All employees who have worked for a continuous period of 120 days or more are entitled to severance pay if their employment is terminated without cause. The amount of statutory severance pay to which an employee is entitled is calculated according to the employee’s length of service.

Years of Service	Amount of Severance Pay
At least 120 days but less than 1 year	30 days wages or salary
At least 1 year but less than 3 years	90 days wages or salary
At least 3 years but less than 6 years	180 days wages or salary
At least 6 years but less than 10 years	240 days wages or salary
At least 10 years or more	300 days wages or salary

An employer is not required to pay statutory severance pay to an employee under the following circumstances:

- Employee has been employed for a continuous period of less than 120 days;
- Employment is considered to be a fixed-term contract (as defined under the relevant law and according to

Thai Supreme Court guidance) and the termination of employment occurs on the expiry date of the contract.

Employee Welfare Fund

Under the LPA, employers with 10 or more employees, and their employees, must be members of the mandatory Employee Welfare Fund, which provides financial security to employees whose employment is ceased or to the designated beneficiaries in case of their death. If a company has set up a provident fund for its employees or provides welfare for the employees in case of their resignation or death, in accordance with the rules and procedures prescribed in the ministerial regulations, it shall be exempt from setting up an employee welfare fund.

The employee’s and employer’s contributions will be in accordance with the rates prescribed in the ministerial regulations, but does not exceed 5% of the employee’s wage.

Social Security

Pursuant to the Social Security Act B.E. 2533 (1990), every employer is obliged to register with the Social Security Fund. The Social Security Act requires that the government, employers and employees contribute to the Social Security Fund at the rates prescribed by law. Currently, both employers and employees each make monthly contributions at the rate of 3% of the employees’ wages, while the government contributes at a rate of 2%. However, if the employee’s monthly wage is more than Baht 15,000, the amount of his/her monthly wage to be used for calculation of monthly contributions shall be capped at Baht 15,000, thus making the maximum contribution amount that of Baht 750.

The Social Security Act does not cover government officials, employees of foreign governments and International organisations, employees working in foreign countries for Thai companies, teachers at private schools, students who work for schools, universities, and hospitals, and other types of employees according to royal decree. House servants are also specifically excluded from the definition of employee under the Act.

About BIPO

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile- based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.



Established in Shanghai in 2004, our Asia Pacific headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions. Visit www.biposervice.com and connect with us on Facebook, LinkedIn and WeChat.