



Thai Labor Regulations

The main basic Thai labor legislation consists of the Civil and Commercial Code on contracts relating to the hire of services (Book III, Title VI), the Labor Protection Act 1998 promulgated with effect from August 19, 1998, the Labor Relations Act 1975, the Act on Establishment of Labor Courts and Labor Court Procedures 1979, the Social Security Act 1990 and the Compensation Act 1994. The Ministry of Labor and Social Welfare is charged with implementing labor laws and performing labor inspections throughout the country.

Minimum Wage

The minimum wages per day effective January 1, 2012, are fixed at rates depending on the location of the work place as follows:

- 300 baht for Bangkok, Nakorn Pathom, Nonthaburi, Pathum Thani, Phuket, Samutprakarn and Samut Sakorn
- 300 baht for Chonburi, Chiang Mai, Nakorn Ratchasima, Phang-nga and Ranong
- 300 baht for all other areas

The above rates are subject to change from time to time.

Working Hours and Leave

The maximum number of working hours of employees is fixed at eight hours a day and 48 hours a week in total. In some types of works, as stipulated by law, the employer and the employee may agree to arrange the period of working hours but the working hours in any case must not exceed 48 hours a week. In establishments in which the work is deemed injurious to health or personal safety, as stipulated by law, working hours must not exceed seven hours a day and 42 hours a week in total.

All employees are entitled to a daily rest period of at least one hour after working for five consecutive hours. The employer and the employee may arrange the daily rest period to be shorter than one hour at each time but it must not be less than one hour a day in total. A weekly holiday of at least one day a week at intervals of a six day period must be arranged for the employee.

For work performed in excess of the maximum number of working hours fixed either by law or by specific agreement (if the latter is lower), employees must be paid overtime compensation. The rates of overtime vary and range from one-and-a-half times to three times the normal average hourly wage rate for the actual overtime worked. Certain employees engaged in employment related work on behalf of the employer and other types of work as prescribed by law are not entitled to overtime compensation. The maximum number of overtime working hours is limited to not more than 36 hours a week.

All employees are entitled to unlimited sick leave, but the number of days of paid leave shall not exceed 30 regular workdays a year. The employer may require an employee to produce a certificate from a qualified doctor for a sick leave of three days or more.

An employee who has worked consecutively for one year is entitled to at least six working days of paid vacation every year, in addition to the 13 holidays in a year traditionally observed in Thailand. A female employee is entitled to maternity leave for a period of 90 days including holidays, but the number of days paid leave shall not exceed 45 days.

Employee Records

An employer with 10 or more regular employees is required to establish written rules and regulations in Thai language governing work performance and to display these regulations on the work premises within 15 days from the date that the number of employees reaches 10 employees or more. A copy of these rules and regulations must be submitted to the Department of Labor Protection and Welfare within seven days from the date that the employer announces or displays the working regulations.

An employer with 10 or more regular employees is also required to maintain an employee register in the Thai language together with documents pertaining to the payment of wages, overtime, holiday work and overtime on holidays. The employee register must be maintained for at least two years after the date of termination of employment of each employee, together with the supporting source documents.



Workmen's Compensation

The Compensation Act 1994 prescribes that the employer must provide the necessary compensation benefits for employees who suffer injury or illness or who die as a result or in the performance of their work at the rates prescribed by law. The compensation benefits can be grouped into four categories: the compensation amount, the medical expenses, the work rehabilitation expenses and the funeral expenses. The payment of compensation benefits will be made in accordance with the criteria and rates prescribed by law depending on the seriousness of the case. In general, the compensation amount must be paid monthly at the rate of 60 per cent of the monthly wages of the employee but not lower than 2,000 baht and not exceeding 9,000 baht per month.

The monthly payment of the compensation amount will be paid over a specific period of time and based upon the criteria prescribed by law to the employee who is unable to work continuously for more than three days, has lost an organ, has become disable or dies. Actual and necessary medical expenses must be paid but not exceeding 35,000 baht for a normal case and 50,000 baht for a serious injury. The work rehabilitation expenses will be paid as necessary according to the criteria, procedures and rates prescribed by law but not exceeding 20,000 baht. In case of death, the funeral expenses will be paid at a maximum amount equal to 100 times of the minimum daily wage rate prescribed by law.

An employer with 10 or more regular employees is required to contribute to the Compensation Fund maintained by the Office of Workmen's Compensation Fund in the Social Security Office. The Compensation Fund has been established in order to directly indemnify employees who suffer injury, illness or death as a result or in the performance of their work. The employer must pay contributions by January 31st of the following year at the rates prescribed by the Ministry of Labor and Social Welfare.

Social Security

The Social Security Act 1990 and its amendment, the Social Security Act (No. 2) 1994 require all employers with 10 or more employees to withhold social security contributions from the monthly wages of each employee. The prescribed rate applied to the monthly wages is 4.5 per cent.

However, the maximum monthly wage base on which the above rates are applied must not exceed 15,000 baht. The employer is required to match the contribution from the employee. The contributions of both the employer and employees must be remitted to the Social Security Office within the 15th day of the following month.

Employees with social security registration may file claims for compensation in case of injury or illness, disability or death which is not due to the performance of their work, and for cases of child delivery, child welfare, old age pension and unemployment. The social security contributions are envisaged to rise as the benefits to be provided to employees are increased.

Termination of Employment

If an employment contract does not specify any duration, either party can terminate the contract by giving notice at or before any time of payment, to take effect in the next pay period. An employee may be dismissed without due notice and severance pay if the employee:

- **Intentionally commits a crime or act of dishonesty against the employer**
- **Intentionally or negligently causes the employer to suffer damage**
- **Violates the employer's work rules, regulations or lawful orders and a written warning has been given (except that such warning is not required for serious offences)**
- **Has been absent for three consecutive working days without a reasonable excuse**
- **Is adjudged to serve a prison sentence (except where such sentence arose due to negligence or petty offence).**



An employee terminated without a valid cause as stipulated by law is entitled to receive the following severance pay:

- 30 days' wages where the employment period is at least 120 days but is less than one year.
- 90 days' wages where the employment period is at least one year but is less than three years.
- 180 days' wages where the employment period is at least three years but is less than six years.
- 240 days' wages where the employment period is at least six years but is less than ten years.
- 300 days' wages where the employment period is ten years or more.

In the event that the employer relocates its place of business that essentially affects the normal living of an employee or his/her family, the employer must notify the employee of the relocation at least 30 days in advance or pay an amount in lieu of the advance notice equal to 30 days' wages. In this connection, if the employee refuses to move and work in the new location, the employee has the right to terminate the employment contract and is entitled to receive a special severance pay of not less than 50 per cent of the prescribed rates of severance pay.

In the event that the employer terminates the employment of an employee as a consequence of streamlining the work units, production process and distribution service, due to the introduction or change of machinery or technology which thereby results in the reduction of the number of employees, the employer must notify the Labor Inspector and the employee concerned at least 60 days before the date of termination of the employment or pay in lieu of the advance notice to the employee an amount equal to 60 days' wages. The terminated employee will be entitled to the prescribed severance pay. Moreover, if the terminated employee has worked consecutively for over six years, the employee would be entitled to an additional special severance pay at the rate of 15 days' wages per one full year of service, calculated from the start of year seven onwards. However, the total amount of this additional special severance pay is limited to the equivalent of 360 days' wages.