



Fundamentals of Labor Law in Thailand

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What legal and protective measures are available to employees in Thailand?

Labor law in Thailand has been drafted in favor of employees in order to grant them minimum social protection. The main piece of legislation related to labor law is the Labor Protection Act B.E. 2541 (1998) ("**LPA**"). There are other statutes that may affect the relationship between employers and employees due to the fact that labor law has not been consolidated into only one Act.

The article below provides a brief overview of the labor protection in Thailand. It is divided as follows:

1. The Employment Contract
2. Working Hours and Holidays
3. Minimum Wages
4. Special Measures for Minors and Women
5. Termination of Employment
6. Severance Pay
7. Exception of Severance Pay

1. The Employment Contract

The definition of an employer and an employee under the LPA is broad. An employment agreement will be deemed to have existed where an employee agrees to perform work for an employer in exchange for wages payable throughout the duration of the employment^[1]. The parties are not required to enter into a written contract. Thus, an employment in fact may constitute an employment agreement^[2].

In practice, people mention different kinds of employment contracts such as part time contracts or temporary contracts. However, Thai law only recognizes two types of employment contracts^[3]. The first one is a permanent contract (the French equivalent of a *contrat à durée indéterminée CDI*) where each party can freely terminate the contract by giving an advance notice. The second one is a fixed-term contract (the French equivalent of a *contrat à durée déterminée CDD*) where the date of the termination is stipulated in the contract.

The employment contract must be differentiated from the hire-of-work contract. In a hire-of work contract, the contractor must accomplish a definite task and is not under the hierarchical authority of the employer. The distinction is significant because the hire-of-work contract is regulated by the

Civil and Commercial Code[\[4\]](#), and the employer is not required to comply with provisions of the LPA.

2. Working Hours and Holidays

Working hours depend on the difficulty of the job. The maximum working time is 8 hours per day, or 48 hours per week, for most jobs. When the work is healthy and safety hazard, working hours must not exceed 7 hours per day or 42 hours per week[\[5\]](#). Employees are entitled to one hour of rest after five hours of work. The maximum hours of working overtime is limited to 36 hours per week.

An employee is entitled to at least one weekly holiday, 13 traditional holidays per year and leaves as specified by the LPA, such as sick leave or maternity leave[\[6\]](#).

In the event an employee has worked continuously for one year, he is entitled to six days' paid annual leave[\[7\]](#).

An employer cannot force an employee to work overtime or during holidays. The employer must obtain the consent of the employee. There are, however, a few exceptions for certain activities (hotel business or food shop) and under certain circumstances (e.g. emergency work)[\[8\]](#).

3. Minimum Wages

As of January 1st, 2013, the minimum daily wage is 300 bahts per day[\[9\]](#) (about 8 euros) in all of Thailand. Prior to this, the minimum daily rate varied from 222 bahts to 300, depending on the area [\[10\]](#).

Employees who work overtime are entitled to a minimum compensation of 1.5 times the basic hourly rate[\[11\]](#). The minimum compensation goes up to three times the basic hourly rate when the employee works during holidays[\[12\]](#).

Employers and employees are required to contribute to the Social Security Fund on a monthly basis. The current amount of the contribution is four percent of the first 15,000 bahts of gross salary. The contribution rate will increase to five percent in 2014.

4. Special Measures for Minors and Women

The LPA prescribes special protection for women and minors.

a. Special Protection for Women

Certain jobs which pose a threat to health or the body, such as underground mining or construction, are prohibited to female employees[\[13\]](#). The LPA provides equal pay for equal work among women and men[\[14\]](#).

Employers are prohibited to force a pregnant employee to work between 10 PM and 6 AM, and to work overtime or during holidays. Those provisions do not apply to executive employees working in an office or in a similar position as long as their consents have been sought and obtained at each occasion[\[15\]](#). Female employees are entitled to 90 days of maternity leave[\[16\]](#), including 45 days of paid leave[\[17\]](#). Naturally, pregnancy does not constitute a ground to terminate the employment contract[\[18\]](#).

b. Special Protection for Minors

The minimum age for work is fifteen years[19]. Employers who employ people between the age of fifteen and eighteen must notify the Labor Inspector[20].

An employer shall not require a young worker under 18 years of age to work between 10 PM and 6 AM unless written permission has been granted by the Director-General or a person entrusted by the Director-General[21].

It is prohibited to require a young worker below eighteen years of age to work overtime during a holidays[22].

5. Termination of Employment

A distinction has to be made between permanent contract and fixed-term contract. It should be noted that a verbal work contract is deemed to be a permanent contract.

A fixed-term contract is automatically terminated upon the end of its term without any prior notice. In case of a permanent contract, the employer or the employee has the right to terminate the contract by giving an advance written notice before any wage payment date. The termination will take effect at the end of the next wage payment date. The contract can be immediately terminated by the employer if he agrees to pay the remaining wages in lieu of the advance notice[23].

6. Severance Pays

Employees are protected against dismissal and the LPA grants them compensation for accumulated seniority and the loss of job. Severance pay is provided to assist the employee during a period in which new employment is being sought.

Severance is calculated based on two factors: the employee's current wage rate and the length of employment.

Employees who have been working for a continuous period of 120 days or more are entitled to severance pay upon termination of employment by the employer without cause. The severance pay rates range from 30 days to 300 days[24], as follows:

Working duration: 7. Exemption of Severance Pays	Severance pay:
At least 120 days but less than 1 year	30 day's wages
a. Cases where the employer is exempt from severance pay At least 1 year but less than 3 years Severance pay does not apply when[25]:	90 day's wages
At least (1) The employee has resigned voluntarily; or (2) The employee has worked less than 120 days; or At least 6 years but less than 10 years (3) The employee worked under a fixed term contract of 2 years maximum	180 day's wages
More than 10 years for a specific project, occasional work or seasonal work	240 day's wages
	300 day's wages

b. Cases where the employee loses the right to receive severance pay

Section 119 of the LPA provides six grounds on which an employer may dismiss an employee without having to pay a severance pay:

- (1) Dishonesty in performing duties or intentionally committing criminal offences against the employer;
- (2) Intentionally causing loss to the employer;
- (3) Acting recklessly or negligently, causing serious loss to the employer;
- (4) Violation of the employer's rules, regulations or orders, which are both lawful and fair, provided the employer has given prior warning, except in a serious case where the employer is not required to give a warning. A written warning is effective for one year from the date of the violation;
- (5) Absence from duties for three consecutive working days without reasonable cause, whether or not holiday intervenes;
- (6) Imprisonment under a final court judgment. If the offence is one of negligence or a petty offence, it must cause loss or damage to the employer.

The employer must specify the cause of the termination in the termination notice and inform the employee of the cause upon termination of employment.

Vincent BIROT

This information is provided as guidance only and should not be considered as legal advice.

[1] Section 5 of the Labor Protection Act

[2] General principle concerning Contract law Section 575 to 586 of the Civil and Commercial Code

[3] Section 17 of the Labor Protection Act

[4] Regulated under Section 587 to 607 of the Civil and Commercial Code

[5] Section 23 of the Labor Protection Act

[6] Sections 28, 29, 32 and 41 of the Labor Protection Act

[7] Section 30 of the Labor Protection Act

[8] Section 25 of the Labor Protection Act

[9] Announcement of the Wage Committee relating to the minimum wage n°7 B.E. 2555

- [\[10\]](#) Announcement of the Wage Committee relating to the minimum wage n°6 B.E. 2554
- [\[11\]](#) Section 61 of the Labor Protection Act
- [\[12\]](#) Section 64 of the Labor Protection Act
- [\[13\]](#) Section 38 of the Labor Protection Act
- [\[14\]](#) Section 53 of the Labor Protection Act
- [\[15\]](#) Section 40 of the Labor Protection Act
- [\[16\]](#) Section 41 of the Labor Protection Act
- [\[17\]](#) Section 59 of the Labor Protection Act
- [\[18\]](#) Section 43 of the Labor Protection Act
- [\[19\]](#) Section 44 of the Labor Protection Act
- [\[20\]](#) Section 45 of the Labor Protection Act
- [\[21\]](#) Section 47 of the Labor Protection Act
- [\[22\]](#) Section 48 of the Labor Protection Act
- [\[23\]](#) Section 17 of the Labor Protection Act
- [\[24\]](#) Section 118 of the Labor Protection Act
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