



# EMPLOYMENT IN THAILAND



Thailand, historically known as Siam, is a country located at the centre of Mainland Southeast Asia. Bangkok is the capital and the largest city. Thailand is a newly industrialised country that relies on exports, mainly in the jewellery, electrical appliances, automobiles, textiles and fishery industries. It has the second-largest economy in South East Asia. Thailand has a civil law system, with the rights and duties of employers and employees generally governed by the Labour Protection Act 1998 (LPA), the Labour Relations Act 1975, and the Civil and Commercial Code.



## WORKING TIME AND OVERTIME

The normal working day in Thailand is eight hours. If the work is physically exhausting, the maximum number of hours is usually seven per day and 42 per week. Employees must be given at least one hour's break per day. Overtime cannot exceed 36 hours per week and must be paid at a rate of 1.5-3x the normal hourly salary of qualifying employees. At weekends, overtime pay is equal to 3x the base salary. Non-qualifying employees, such as officers of the company, should be paid 2x their salary.

## ANNUAL LEAVE

Employees are entitled to a statutory minimum of six vacation days per year, after completing their first year of service. In practice, it is common to grant professional employees 10-15 days of paid vacation per year.

## TRIAL PERIOD

Probation periods are typically no more than 120 days. This is not a statutory requirement.

## RESIGNATION AND DISMISSAL

An employer or employee can terminate an employment contract by giving notice in writing to the other party. This is generally a one month notice period, unless other terms are provided for under the employment contract. The employer does not need to give notice (or payment in lieu of notice) if the employment relationship is terminated due to serious misconduct by the employee. Statutory severance pay is based on the employee's length of service within the company, according to the following schedule:

- 120 days-1 year's service: 30 days' basic salary
- 1-3 year's service: 90 days' basic salary
- 3-6 years' service: 180 days' basic salary
- 6-10 years' service: 240 days' basic salary
- 10-20 years' service: 300 days' basic salary
- 20+ years' service: 400 days' basic salary

The employee is not entitled to any severance payment if the employment relationship is terminated due to misconduct.

## RESTRICTIVE COVENANTS

Restrictive covenants that protect an employer's legitimate business interests are usually enforceable to the extent that they are reasonable and fair to the parties. Non-competition clauses, as well as customer and employee non-solicits, do not generally stipulate restrictions for a period of more than two years, and should specify a clear geographical area.



## **CONTRACT OF EMPLOYMENT**

There is no requirement under Thai labour law to have a written employment contract. However, in practice, it is advisable to set out key terms and conditions of employment in writing.

## **MATERNITY AND PATERNITY**

Pregnant employees are entitled up to 98 days of maternity leave; 45 of which are paid by the employer, 45 by the social security fund, and the remaining 8 unpaid (or paid by the employer by prior agreement). There is no statutory requirement for paternity leave.

## **SICKNESS AND DISABILITY LEAVE**

Under Thai labour law, an employee is entitled to sick leave of up to 30 paid working days per year. If the employee is out for 3 or more consecutive days, the employer has the right to request a medical certificate. Days taken off due to an injury or illness encountered at work cannot be deducted from the sick leave balance.

## **SOCIAL SECURITY**

There are two types of employee contributions in Thailand: Social Security Fund and Provident Fund. The social security contribution rate is 5% on a capped remuneration of THB 15,000 per month. All employees are required to contribute to a social security fund an amount equal to 5% of their salary, up to a maximum contribution of THB 750 per month. Employers and the government contribute an additional 5% each.

## **HEALTHCARE AND INSURANCE**

Thailand has one of the world's best healthcare systems, having opened universal health coverage to all citizens in 2002. Most Thai citizens, therefore, receive health coverage through that universal coverage scheme, with civil servants and their families receiving coverage via the civil service welfare system. Private employees are often covered by a social security system that is supported by payroll contributions. Foreign citizens who hold private sector jobs in Thailand may be eligible for this coverage.



# EMPLOYMENT OF FOREIGN NATIONALS



Foreign nationals who wish to work in Thailand must obtain work permits from the Employment Department. To be eligible for a work permit a foreign national must enter Thailand on a Non Immigration Category B (Non-B) visa. The granting of a work permit is discretionary, based on such criteria as the nature of the work, the knowledge and skills of the applicant, the capital of the employer and the proportion of Thai national employees to foreign national employees. After all required documents are received, the time for processing a work permit can range from approximately a few days up to two weeks, at the discretion of the authority. Applicants may not begin working in Thailand while their work permit applications and the other papers are being processed. Work permits are usually granted for one year, after which they can be renewed.



# SALARY TAXES

## MINIMUM WAGE

Thailand's minimum wage ranges from THB 300 per day, depending on the cost of living in various provinces.

## SALARY PAYMENTS

The payroll cycle in Thailand is generally monthly and is usually paid on the last working day, as agreed within the employment contract. Though not required by law, it is customary for employers to pay a 13th month salary.



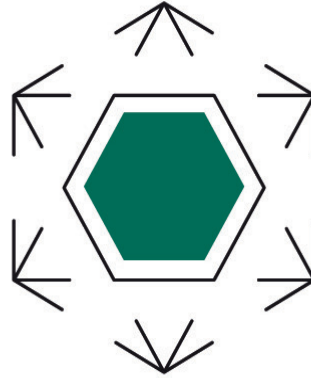
## INCOME TAX

Effective from 1 January 2023, the graduated rates will be as follows:

Taxable Income	Tax Rate %
0 - 150,000	Exempt
150,001 - 300,000	5%
300,001 - 500,000	10%
500,001 - 750,000	15%
750,001 - 1,000,000	20%
1,000,001 - 2,000,000	25%
2,000,001 - 5,000,000	30%
5,000,001+	35%

## SOCIAL SECURITY CONTRIBUTION

Employees contribute 5% of their salary to social security, in addition to a 5% contribution by their employer and a further 5% by the government. Contributions are capped at a qualifying earning threshold of THB 15,000 per month.



# EMERALD TECHNOLOGY

[www.emerald-technology.com](http://www.emerald-technology.com)  
[info@emerald-technology.com](mailto:info@emerald-technology.com)  
+44 (0) 870 889 0300

## Europe

Somerset House  
37 Temple Street  
Birmingham  
B2 5DP  
United Kingdom

## Asia Pacific

22 Malacca Street  
#03-02  
RB Capital Building  
Singapore  
048980

## Middle East

Business Central  
Towers  
PO BOX 503055 2001A  
Dubai Internet City  
UAE