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Amendments to the Thailand Labour Protection Act B.E. 2541 (1998)

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Summary

On 13 December 2018, an amendment to the Labour Protection Act B.E. 2541 was approved by the National Legislative Assembly (NLA). Upon approval by His Majesty the King, the amendments have been published in the Royal Gazette on 5 April 2019, and came into force on 5 May 2019. The new regime seeks to expand employee rights, and the text provides greater clarity on previously ambiguous provisions.

Key changes:

Temporary Suspension of Business

- ✓ Under the previous framework, where an employer suspends his/her business operation, the employer was required to pay wages to the employee for the entire period of suspension. However, the place and time for paying wages in such cases was unclear.
- ✓ The new Act clarifies that an employer is required to pay wages during temporary suspension of business operations at least once a month at the employee's workplace or other places consented to by the employee.

Business Leave

- ✓ Under the previous framework, allowing business leave was at the discretion of the employer. Moreover, an employer was not required to pay an employee on business leave.
- ✓ Under the new Act, an employee is entitled to at least 3 working days of business leave per year. Moreover, the employer is required to pay the employee for a maximum of 3 working days on business leave.

Maternity Leave

- ✓ Under the new Act, the maternity leave definition was expanded to include leave for prenatal care, and maternity leave was extended from 90 to 98 days per pregnancy. A pregnant employee is entitled to up to 45 days wages during the maternity leave period.

Relocation of Business

- ✓ The previous framework specified that an employer who relocates his/her business is required to notify an employee not less than 30 days prior to the relocation date.
- ✓ The new Act outlines the procedure for notifying an employee for relocation, requiring the following: notification be given at least 30 days prior to date of relocation, the notification must contain sufficient information regarding the relocation, and the notification must be openly posted at the existing location of business.
- ✓ The new law further allows an employee to refuse to work at the new place, in which case his/her employment is regarded as terminated and such employee is entitled to severance pay within 7

days from the termination date. In such scenario, the employee is required to send a notification of refusal to work at the new place, in writing, within 30 days from the date of the notification of relocation of business.

Severance Pay

- ✓ The cap of severance pay has been increased from 300 days to 400 days for an employee who works for an uninterrupted period of a minimum of 20 years.

Payment in Lieu of Advance Notice

- ✓ Under both the previous law and the new Act, an employer may terminate an indefinite duration contract of employment immediately without needing to grant prior notification, by paying wages in lieu of advance notice. However, the new Act clarifies the time of payment by stating that the monetary compensation must be paid to the employee on the termination date.

15% Interest on Statutory Payments

- ✓ Under the new Act, where an employer defaults on payments owed to employees for wages during temporary suspension of business, wages in lieu of advance notice, or any other payments due to an employee under the Labour Protection Act, the employee is entitled to receive interest on the default amount at the rate of 15% per year.

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