



THAI LABOR LAW CHANGES AFFECT SEVERANCE, PENSIONS, MATERNITY LEAVE

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Changes to Thailand's [Labor Protection Act](#) (Thai), including increased statutory severance for employees with at least 20 years' service, will take effect on 5 May 2019. Key revisions include the following:

- Employees with at least 20 years of service are entitled to 400 days of statutory severance, up from 300 days for employees with at least 10 years' service. In Thailand, retirement is deemed to be a termination of employment, entitling employees to a severance payment. Employers are advised to consider the following pension issues:
 - The reform is expected to increase pension costs by 25-30% for companies that don't offer any other defined benefit plans. The increase must be recognized as past service costs under international accounting standard IAS19R.
 - Pension expenses should be updated, calculated on market conditions as of the valuation date. For plans with a fiscal date after 4 May 2019, the amended law must be used to make the valuation.
 - Employers should assess the impact of the change on the duration of pension plans and yield references.
 - Employers won't have to make any retrospective adjustments.
- Maternity leave is increased to 98 days, up from 90 days, and covers prenatal and postnatal leave.
- Employers must give employees at least three days' paid personal or business leave. Previously, the duration and payment for this type of leave was specified in employers' workplace rules.
- When an employment contract is transferred to a new employer — for example, in the event of a merger or acquisition — the employee must consent to the transfer before it takes effect. Employees refusing to consent will be entitled to severance pay.

- Employees who don't want to transfer to another location in Thailand can choose to either relocate or terminate employment and receive severance pay.
- Sanctions are increased for employers who breach workplace rules, including those governing (i) the payment of wages in place of providing advance notice to employees; (ii) the payment of wages and overtime, including for work performed during an employee's vacation; (iii) severance and special severance pay; and (iv) the payment of wages during the temporary cessation of an employer's business.

RELATED RESOURCES

- [7th Amendment of Labor Protection Act \(Thai\)](#) (Royal Gazette, 5 Apr 2019)

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