



Tax & Legal News Flash

KPMG in Thailand



Issue 57: April 2019

New Labor Protection Act (No. 7) B.E. 2562 (2019)

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The new Labor Protection Act (No. 7) B.E. 2562 (2019) (“New LPA”) was published in the Government Gazette on 5 April 2019.

The New LPA will become effective from **5 May 2019**.

Key amendments include the following issues:

Issues	Key Amendments
Maximum severance pay	Increased from 300 days to 400 days of wage for terminating an employee with an employment period of 20 years or more
New personal leave	3 working days per year (with pay).
Maximum maternity leave	Increased from 90 days to 98 days (with 45-day pay) for each female employee.
Employment transfer	Each employee's consent is required for any change of employer.
15% interest	Provide employer's duty to pay 15% interest per annum for some more cases, e.g. no payment in lieu of advance employment termination notice, etc.
Special severance pay	Not less than normal severance pay in case of employee's disagreement with employer's business place relocation which significantly affects normal living of employee or his/her family.

KPMG's Comments:

The New LPA with several revised issues will affect many employers' work rules (an employer with 10 or more employees must prepare and announce the work rules with minimum particulars as required by Thai labor law).

Legally, any amendments to existing work rules must be announced at the work place within 15 days. Therefore, all employers should start preparing to amend their work rules to comply with the New LPA by 20 May 2019, i.e. 15 days after effective date of the New LPA. In addition, employers should keep monitoring and updating their work rules from time to time.

The well-prepared work rules can be good guidelines for HR management and help minimizing risks associated with employers' liabilities, including employment termination.

We welcome any opportunity to discuss the relevance of the above matter including the required amendments to the work rules upon request.

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