

# Application of Labour Protection Act during the COVID-19 Crisis



10<sup>th</sup> April 2020

# Labour Protection Act B.E.2541

## Amendments

### **2<sup>nd</sup> amendment 2551:**

- Prohibition for employer to ask or receive security deposit for work or for damage to work,
- Agreement to accumulate working hours to maximum 9 working hours a day,
- Labour welfare committee can order employers to pay severance pay and special severance pay.

### **6<sup>th</sup> amendment 2560:**

- application of minimum wage for particular employees,
- Severance pays for retirement.

### **7<sup>th</sup> amendment 2562:**

- Employees entitled to minimum 3 days/year for necessary business leave,
- an accord from employees change of employers requires,
- Leave regarding pregnancy shall not be considered sick leave,
- Severance pay for employees who works for 20 years onwards,
- Information to employees for change of working place,
- Equality of wage and overtime pays for men and women employees.

# Frequently Asked Questions

- How to temporary suspend your businesses?
- What triggers Force Majeure in terms of Labour Protection Act?
- Termination of employment, what the laws say?
- What are alternative options for employers and employees?
- What are current aids from the Government?

3

# How to temporary suspend your businesses?

‘When it is necessary for an Employer for whatever cause other than a force majeure which affects his/her business and causes the Employer incapable to operate his or her business as normal so as to temporarily suspend the business in whole or in part...’ -Section 75 of LPA

4

Examples : Suspension due to natural disaster

Suspension due to decreasing of demands

# What triggers Force Majeure in terms of Labour Protection Act?

“Any event that happening or pernicious result of which could not be prevented even though a person against whom it happened or threatened to happen were to take such appropriate care as might be expected from him in his situation and in such condition”-CCC

5

Principle of No work No pay

# Termination of employment, what the laws say?

‘A contract of employment shall expire upon the completion of the period specified in the contract...no requirement for advance notice’

‘...where the period is not specified...an Employer or an Employee may terminate the contract by giving advance notice in writing to the other party...’-Section 17 of LPA

- Legal obligations for employers
  - Advance notice
  - Severance pay
  - Other payments (if any)

# Severance pay

Working for 120 days but less than 1 year	: minimum 30 days of the latest wages,
Working for 1 year but less than 3 years	: minimum 90 days of the latest wages,
Working for 3 years but less than 6 years	: minimum 180 days of the latest wages,
Working for 6 years but less than 10 years	: minimum 240 days of the latest wages,
Working for 10 years but less than 20 years	: minimum 300 days of the latest wage,
Working for 20 years and more	: minimum 400 days of the latest wages

# What are alternative options for employers and employees?

- Leave without pay
- Working hours re-arrangement
- Allowance re-arrangement

8

**\*\*Written consent signed by each employee is required before imposing such changes.**



# What are current aids from the Government?

Extension of period of tax payments;

Personal income tax PND. 90/91/95 to 31<sup>st</sup> August 2020.

Corporate income tax PND.50 to 31<sup>st</sup> August 2020 and PND. 51 to 30<sup>th</sup> September 2020.

Withholding tax PND.1/2/36/53/54 to 15<sup>th</sup> May 2020.

VAT P.P.30 to 23<sup>rd</sup> May 2020, P.P.36 to 15<sup>th</sup> may 2020.

Reduce withholding tax rate

Assessable Income 40(2)(3)(6)(7)(8) from 3% to 1.5% (April - September 2020)  
from 3% to 2% (October - December 2020)

Retail loans not exceeding 3 million baht per person with interest of 3% per year for the first 2 years.

9

Financial aid for Workers, temporary workers, independent workers of 5,000 baht per person per month for a period of 3 months.

Emergency loan for 10,000 bath per person total amount of 40,000 million-baht, interest rate of 0.1% per month, no requirement of warranty.

Special loan for 50,000 baht per person, total amount of 20,000 million-baht, interest rate of 0.35% per month (requirement of warranty)

Increase amount of tax deduction for health insurance premiums from 15,000 baht to 25,000 baht

10

Decreasing of contribution rate to 4% March-May 2020

Extension of the period for payment of social security

Monthly wage for March will be submitted within 15<sup>th</sup> July 2020.

Monthly wage for April will be submitted within 15<sup>th</sup> August 2020.

Monthly wage for May will be submitted within 15<sup>th</sup> September 2020.

11

\*Unemployment due to force majeure is entitled to 62% of wage capped at 15,000 baht for maximum 90 days.

## Redundancy

Voluntary redundancy : unemployment compensation of 45% of wage capped at 15,000 baht for maximum 90 days.

Termination of employment by Employer : unemployment compensation of 70% capped at 15,000 baht for maximum 200 days .

12

# THANK YOU FOR YOUR ATTENTION

If you have any questions or enquiries in relation to the Covid-19 outbreak and its implications for your business, please feel free to contact :

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13