

Labor Law in Thailand: PART 11 – The Skill Development Promotion Act

When an employer's work force totals one hundred or more employees, the Skill Development Promotion Act (the "Act") must be considered. The objectives of the Act are to promote and support occupational skill training and upgrade skill standards for employed labor in Thailand. The Act also established a Labor Skill Development Fund (the "Fund") for use as a revolving fund for the promotion of skill development efforts.

Thus, the Act incentivizes private businesses and educational institutions to provide apprenticeships and occupational skill training. With regard to the private sector, for example, any private business which provides occupational skill training to the labor force in general or to its own employees – utilizing training curricula or activities endorsed by the Act – will be eligible for certain privileges as stipulated the Act.

Any employer who has one hundred employees or more is required to arrange yearly labor skill training for at least 50% of its employees (it should be noted, however, that teachers do not count in this calculation for private school and college businesses).

But, if such an employer does not provide such training, then that employer is required to make a contribution to the Fund before March of the following year, *except* for an employer:

- 1) who is a ministry, department, or government agency; or
- 2) who is a foundation or a charitable, or non-profit organization; or
- 3) whose activity is related to cultivation and planting, fishing, forest, animal husbandry, or salt farming; who does not employ an employee for a whole year; and

who does not have any other business activities.

Currently, the requisite Fund contribution is an amount equal to 1% of the current legal minimum wage per hours of the past calendar year (currently Thai Baht 300/hour) x 30 x 12 months x the number of employees who have not been so trained.

If the employer fails to make such a contribution to the Fund in full as required by law, the employer is required to pay an additional payment in an amount equal to 1.5% of the outstanding contribution per month, until the contribution is made in full.

In the event that such an such employer – at any later time – has:

- a) less than one hundred employees in every month of a calendar year; or
- b) an average of less than one hundred employees per month in that calendar year, then that employer must continue to report its number of employees *but* will not be required to make any Thai Baht payment to the Fund.

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