

THAILAND - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	A state pension is payable on retirement from age 55. The pension is calculated as 20% of average covered earnings in the last five years, plus 1.5% for each additional year over 180 months. Covered earnings are earnings up to a ceiling of THB 15,000 a month. Other benefits provided include lump sum death benefits, disability benefits and medical care. If medical care is provided outside a registered hospital expenses are reimbursed up to set limits. There are proposals to introduce a mandatory national provident fund, financed by contributions of 3% of earnings by employers and employees in the first five years, then 4%, and 6% from year 11.
Typical New Pension Plan	Large local companies and multinational employers typically operate defined contribution provident funds. The funds provide a lump sum benefit on leaving employment or on retirement at age 60. Most employers provide insured lump sum death or accident benefits and private medical insurance. The lump sum death benefit is typically two times annual earnings or a fixed amount based on the job description.
Typical Costs	Employers and employees contribute 5% of covered earnings for state benefits. Employers also contribute 0.2% to 1% of earnings for workmen's compensation. Contributions to provident funds are typically 5% by employers and employees. Employee contributions must be at least 2% of earnings and employers must contribute no less than employees.
Tax Implications	Employer contributions to provident funds are tax-deductible up to 15% of earnings. Employee contributions are tax deductible up to THB 10,000. Contributions over THB 10,000 are tax exempt up to THB 290,000 or 15% of earnings. After at least five years of contributions, the lump sum benefit is tax free up to THB 7,000 multiplied by years of service. Lump sum death benefits are tax free.
Labour Law Issues	Employees are entitled to severance pay of up to 300 days earnings after 10 years' service. In order to qualify for tax relief, provident funds must be registered and administered by approved fund managers. Registered provident funds must have a defined period for vesting employer contributions, normally 10 years. Otherwise, 100% of the account is paid on termination.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	The use of International Financial Reporting Standards is not permitted.
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