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How severance pay is calculated in Thailand: the statutory scale, the wage base, and the payments most often forgotten

All six tiers of the severance scale including the 400-day band, what counts toward the wage base and what does not, worked examples, the further payments due on top of severance, and when nothing is owed at all.



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The e-book edition of the article at <https://dap-resolution.com/en/insights/severance-calculation/>

Most disputes over severance are not about whether severance is owed. They are about which pot of money the calculation starts from. A cost-of-living allowance of a few thousand baht paid every month without fail, or a fixed position-based per diem, is where the final figure moves by tens of thousands of baht.

Someone who understands this knows before signing whether the figure offered is complete, and how many separate payments sit alongside it. An employer who gets the base wrong on a single item ends up paying the difference with interest and a statutory surcharge set at a deliberately high rate.

In this article I will set out how severance is worked out, what the Supreme Court treats as “wages” and what it does not, worked examples with figures, the further payments that are so often forgotten, and the cases where nothing is owed. Every key provision is quoted so you can read it yourself.

Chapter 1

Severance is its own pot and cannot be set off

Start with the definitions, because a single sentence disposes of several arguments.¹

¹ **Labour Protection Act B.E. 2541 (1998), Section 5** provides:

“Severance pay” means money the employer pays to the employee upon termination of employment, over and above any other category of money the employer has agreed to pay the employee.

“Special severance pay” means money the employer pays to the employee when the contract of employment ends by reason of one of the special circumstances laid down in this Act.

The phrase “over and above any other category of money the employer has agreed to pay” is the heart of it. A bonus, a provident fund payout, a company gratuity, or unpaid wages cannot be set against severance and then described as severance paid. In Judgment 12/2532² (1989) the Court held that a gratuity under the employer’s own regulations and statutory severance are different categories, because the conditions for receiving each differ, so paying the gratuity did not discharge the duty to pay severance as well, even though it was several times larger.

Chapter 2

“Termination” is broader than most people assume

Statutory authority for this section³

The words “whether by reason of the expiry of the contract of employment or for any other reason” cover nearly every involuntary departure: failing probation, missing targets, restructuring, or the business closing.

The commonest misunderstanding concerns dismissal for not performing as expected. Many employers believe this is the employee’s fault and so no severance is due. In Judgment

². Supreme Court Judgment No. 12/2532

³. **Labour Protection Act B.E. 2541 (1998), Section 118, paragraph two** provides:

Termination under this section means any act by which the employer no longer allows the employee to work and no longer pays wages, whether by reason of the expiry of the contract of employment or for any other reason, and includes the case where the employee does not work and receives no wages because the employer is unable to continue its business.

2725/2525⁴ (1982) the Court held that dismissal for diminished capacity, or for recurrent shortcomings in performing the work, is not a breach of the employer's rules or work regulations, and so is not a ground for withholding severance. In Judgment 12/2532 (1989), where an employee was paralysed by a stroke, the cause arose naturally and was not the employee's fault. Severance was payable in both.

Chapter 3

The six tiers of the severance scale

Statutory authority for this section⁵

⁴. Supreme Court Judgment No. 2725/2525

⁵. **Labour Protection Act B.E. 2541 (1998), Section 118, paragraph one** provides:

The employer shall pay severance pay to an employee whose employment is terminated, as follows.

- (1) An employee who has worked continuously for one hundred and twenty days but less than one year shall be paid not less than thirty days at the final wage rate, or not less than the wages for the last thirty days of work in the case of an employee paid according to output calculated by unit.
 - (2) An employee who has worked continuously for one year but less than three years shall be paid not less than ninety days at the final wage rate, or not less than the wages for the last ninety days of work in the case of an employee paid according to output calculated by unit.
 - (3) An employee who has worked continuously for three years but less than six years shall be paid not less than one hundred and eighty days at the final wage rate, or not less than the wages for the last one hundred and eighty days of work in the case of an employee paid according to output calculated by unit.
 - (4) An employee who has worked continuously for six years but less than ten years shall be paid not less than two hundred and forty days at the final wage rate, or not less than the wages for the last two hundred and forty days of work in the case of an employee paid according to output calculated by unit.
 - (5) An employee who has worked continuously for ten years but less than twenty years shall be paid not less than three hundred days at the final wage rate, or not less than the wages for the last three hundred days of work in the case of an employee paid according to output calculated by unit.
 - (6) An employee who has worked continuously for twenty years or more shall be paid not less than four hundred days at the final wage rate, or not less than the wages for the last four hundred days of work in the case of an employee paid according to output calculated by unit.
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Continuous service	Minimum severance	In months
120 days but under 1 year	30 days	1 month
1 year but under 3 years	90 days	3 months
3 years but under 6 years	180 days	6 months
6 years but under 10 years	240 days	8 months
10 years but under 20 years	300 days	10 months
20 years or more	400 days	about 13.3 months

Note

The 400-day tier was added only by the Labour Protection Act (No. 7) B.E. 2562 (2019); before that the maximum was 300 days. Every sub-section says “not less than”, so these are floors. An employer may pay more, never less.

Chapter 4

The one exception: a genuine fixed-term contract

Statutory authority for this section ⁶

⁶. Labour Protection Act B.E. 2541 (1998), Section 118, paragraphs three and four provides:
Paragraph one shall not apply to an employee engaged for a definite period whose employment is terminated at the end of that period.

Employment for a definite period under paragraph three may be used only for work on a specific project which is not the ordinary business or trade of the employer and which must have a definite start and finish, or for occasional work with a defined end or completion, or for seasonal work engaged within that season, provided the work must be completed within not more than two years and the employer and employee made a written contract at the outset.

Paragraph four draws the exception very narrowly: project work outside the employer's ordinary business, occasional work, or seasonal work, completed within two years, agreed in writing from the first day. A rolling one-year contract for someone doing the company's ordinary day-to-day work does not qualify, and severance remains payable when it is not renewed.

Chapter 5

Retirement counts as a termination

Statutory authority for this section ⁷

Paragraph two matters greatly in practice: it lets an employee who has reached sixty declare retirement themselves where the company has fixed no retirement age or has fixed one above sixty. Such a declaration is not a resignation, and severance remains payable in full according to the service tier.

⁷. **Labour Protection Act B.E. 2541 (1998), Section 118/1** provides:

Retirement as agreed between the employer and the employee, or as fixed by the employer, shall be deemed a termination under Section 118, paragraph two.

Where no retirement age has been agreed or fixed, or where the agreed or fixed retirement age exceeds sixty years, an employee aged sixty or above has the right to declare retirement by notifying the employer, taking effect thirty days after the declaration, and the employer shall pay severance pay to that retiring employee in accordance with Section 118, paragraph one.

Chapter 6

What counts as “wages”: the base people get wrong most often

Every severance figure hangs on one word: wages. If the base is wrong, the final figure is wrong.⁸

The phrase to underline is “remuneration for work under the contract of employment for normal working time”. Salary is fully a wage, and for daily-rated staff the daily wage is the multiplier. Overtime pay and holiday pay are given their own definitions precisely because they are not remuneration for normal working time, and so they are left out of the base. Note too that the definition says nothing about what money is called, only about its character and what it is paid for.

Chapter 7

Regular payments in a fixed amount are treated as wages

The Supreme Court’s approach is settled and long-standing. It looks not at the label but at three things together: is the payment regular, is the amount fixed, and is it paid as remuneration for normal working time?

⁸. Labour Protection Act B.E. 2541 (1998), Section 5, see note 1

Note

Most of the judgments cited in this section were decided under the Ministry of Interior Notification on Labour Protection, which applied before the Labour Protection Act B.E. 2541 (1998). The definition of wages is materially the same in both instruments, so the courts have carried the same reasoning forward to the present day.

Judgment 3562/2524⁹ (1981) is the clearest illustration. The employee received a salary of 2,722 baht, a cost-of-living allowance of 1,013 baht a month, and a travel allowance of 1,200 baht a month. The Court held the allowance was paid every month in a fixed amount just like salary, and that although paid to help with rising living costs, this only showed the salary was out of step with those costs and had to be topped up under that name. It was therefore part of the wages used to calculate severance.

In the same case the Court held of the travel allowance that there was no evidence the employer was reimbursing costs actually incurred, since whether the employee spent more or less the figure stayed at 1,200 baht. It was paid by reason of position and, though called a travel allowance, was remuneration for normal working time. Importantly, the Court went on to hold that both sums had to be included in calculating pay in lieu of notice as

⁹. Supreme Court Judgment No. 3562/2524

well, not only severance. The same line was confirmed in Judgment 504/2525¹⁰ (1982), treating a petrol allowance paid monthly by position, regardless of actual spending, as a wage.

Chapter 8

Payments the courts do not treat as wages

Conversely, money paid subject to conditions, or intended as a reward, or given to help with the cost of doing the job, is not a wage. In Judgment 509/2525¹¹ (1982) the Court decided two points in one judgment. First, a cost-of-living allowance paid monthly and computed from the basic wage rate was regular and fixed, and so formed part of the wages. Second, an annual reward or bonus could be withheld by the company's board in any given year and was in any event intended as a reward for good service and appropriate conduct, so it was not paid as remuneration for work and was not a wage.

Another excluded category is a housing allowance. In Judgment 1437/2524¹² (1981) the Court reasoned that the employer had set out to shoulder accommodation as a welfare benefit and, unable to house everyone, paid a rent subsidy instead. Even though the amount was the same fixed figure every month and employees who owned their homes received it too, it was not a wage.

^{10.} Supreme Court Judgment No. 504/2525

^{11.} Supreme Court Judgment No. 509/2525

^{12.} Supreme Court Judgment No. 1437/2524

Judgment 172/2524¹³ (1981) reasoned the same way: by its nature a housing allowance is not paid as remuneration for normal working time.

Chapter 9

Per diems and travel money: the line falls on “lump sum”

The most contested category is per diems and travel money, because the same payment may or may not be a wage depending on how it is paid. Two phrases are worth holding on to: paid as a lump sum, and reimbursed against what was actually spent.

The line is drawn most instructively in Judgment 2526/2529¹⁴ (1986), where the employee received a lump-sum per diem of 230 baht a day and an entertainment allowance of 15 baht a day. The Court held the per diem was a wage: it was fixed and had the character of a lump sum because no receipts were required, no surplus was returned on a day when less was spent, and no excess could be claimed on a day when more was. The entertainment allowance was not a wage, because by its nature it was paid so the employee could entertain the employer’s customers, making it help with the cost of the work rather than remuneration for it. Both were lump sums at the same daily rate, yet they were treated differently because what each was paid for differed.

¹³. Supreme Court Judgment No. 172/2524

¹⁴. Supreme Court Judgment No. 2526/2529

A further condition needs watching: the per diem must still be in payment in the final stretch, because the Act speaks of the final wage rate. In Judgment 1197/2531¹⁵ (1988) employees supervising upcountry construction received per diems while away, but on returning to the Bangkok office to await their next assignment received salary alone, and they were dismissed during that wait. The Court held the per diem was remuneration only for time spent working upcountry, that it ceased on their return, and that it therefore formed no part of the base.

Chapter 10

Renaming it, or signing it away, does not work

A question I am often asked is whether it matters that the company's regulations state plainly that an item is a "welfare benefit" rather than a wage, or that the employee signed up to that. On the authorities it does not. In Judgment 2895/2524¹⁶ (1981) the Court put it shortly: whether a category of money is a wage is determined by the labour protection law, and no one may lay down a regulation making it otherwise. In Judgment 2891/2525¹⁷ (1982), calling it a welfare payment was not material to whether it was a wage.

¹⁵. Supreme Court Judgment No. 1197/2531

¹⁶. Supreme Court Judgment No. 2895/2524

¹⁷. Supreme Court Judgment No. 2891/2525

It goes further. In Judgment 504/2525 (1982) the employee had signed an undertaking that if sales fell short of target and employment ended, no severance would be claimed. The Court held the labour protection law had binding force and concerned public order, so an agreement stripping away the right to severance had no effect and the employer still had to pay. Put plainly, a signature waiving the right in advance does not make the statutory right disappear.

Chapter 11

Worked examples, step by step

The method has three steps: establish the monthly wage base taking in every qualifying item, divide by thirty for the daily wage, then multiply by the number of days for the tier.

Example	Base and service	Calculation	Severance
Salary only	THB 30,000, four years, 180-day tier	$30,000 \div 30 = 1,000$ a day, then $\times 180$	THB 180,000
With a fixed allowance	Salary THB 45,000 plus allowance THB 5,000, base THB 50,000, eight years, 240-day tier	$50,000 \div 30 \approx 1,666.67$ a day, then $\times 240$	THB 400,000
Same case, wrong base	Using THB 45,000 and omitting the allowance	$45,000 \div 30 = 1,500$ a day, then $\times 240$	THB 360,000, short by THB 40,000
Daily-rated	THB 500 a day, five years, 180-day tier	500×180	THB 90,000
Long service, 400-day tier	Salary THB 50,000, twenty-one years	$50,000 \div 30 \approx 1,666.67$ a day, then $\times 400$	about THB 666,667

The third row is the one to dwell on: the same case, differing only in that a 5,000 baht allowance was left out, and the figure falls short by 40,000 baht. The longer the service, the wider that gap. On units, the Act fixes severance in days, not months, and the 400-day tier does not divide evenly by thirty, so the correct figure comes from the daily wage multiplied by four hundred.

Chapter 12

Pay in lieu of notice: the most forgotten payment

Commonly nicknamed the “shock payment”, this is wholly separate from severance. Many people receive severance in full and assume the matter is closed, unaware a further sum is owed. ^{18 19}

The mechanism is simpler than it looks. Suppose wages are paid on the last day of each month and on 30 June the employer tells the employee to leave at once. Notice given on 30 June would take effect on the next wage payment date, 31 July, so wages must be paid up to 31 July, a full month. Where people slip is the base: it is not salary alone but every qualifying item, as Judgment 3562/2524 (1981) held. Note the final paragraph too: where the dismissal is on a Labour Protection Act, Section 119 ground, no notice is required and this payment is not owed.

18. Labour Protection Act B.E. 2541 (1998), Section 17, paragraphs two and four provides:

Where a contract of employment has no fixed period, either the employer or the employee may terminate it by giving written notice to the other at or before a wage payment date, so as to take effect on the following wage payment date, provided that notice need not exceed three months. A probationary contract of employment shall be regarded as a contract without a fixed period.

The advance notice required by this section does not apply to a termination under Section 119 of this Act or under Section 583 of the Civil and Commercial Code.

19. Labour Protection Act B.E. 2541 (1998), Section 17/1 provides:

Where the employer terminates without giving the advance notice required by Section 17, paragraph two, the employer shall pay the employee a sum equal to the wages the employee would have received from the day the employee was required to leave work until the day the termination would have taken effect under Section 17, paragraph two, and shall pay it on the day the employee leaves work.

Chapter 13

Wages for untaken annual leave

Statutory authority for this section²⁰

The difference between the two paragraphs matters. Paragraph one concerns leave for the year of termination, payable pro rata only where the dismissal is not on a Labour Protection Act, Section 119 ground. Paragraph two concerns accumulated leave carried over from earlier years, which is always payable, whether the employee resigned or was dismissed for any reason at all, including a Labour Protection Act, Section 119 ground. There is also a very short deadline many are unaware of: the final paragraph of Section 70 requires the employer to pay wages and the sums due under the Act within three days of the termination.

Chapter 14

Special severance: relocation, and machinery replacing people

Special severance is payable on top of ordinary severance in two situations. The first is relocation of the workplace. Labour Protection Act, Section 120 requires the employer to post notice at

²⁰. Labour Protection Act B.E. 2541 (1998), Section 67 provides:

Where the employer terminates employment otherwise than on a ground under Section 119, the employer shall pay the employee wages for annual holidays in the year of termination, in proportion to the annual holidays to which the employee is entitled under Section 30.

Where the employee terminates the contract or the employer terminates the employment, whether or not on a ground under Section 119, the employer shall pay the employee wages for accumulated annual holidays to which the employee is entitled under Section 30.

least thirty days in advance, and where it does not, to pay special severance in lieu of notice equal to thirty days at the final wage rate. Paragraph three confers the most important right.²¹

The thirty-day limit here is a real deadline. Staying silent, following the job to the new site, and reconsidering later makes the entitlement far harder to assert, so if the company posts notice of a distant move, photograph the notice with its date on the first day you see it. The second situation is a reduction in headcount from reorganisation or the introduction of machinery and technology. Labour Protection Act, Section 121 requires sixty days' advance notice to the labour inspector and the employees, and where notice is not given or is shorter, then in addition to severance under Labour Protection Act, Section 118 the employer must pay special severance in lieu of notice equal to sixty days at the final wage rate. Section 122 adds a further layer.²²

21. Labour Protection Act B.E. 2541 (1998), Section 120, paragraph three provides:

If an employee considers that the relocation materially affects the ordinary living of that employee or their family and does not wish to work at the new workplace, the employee must so notify the employer in writing within thirty days of the notice being posted, or of the date of the move where the employer did not post notice under paragraph one, and the contract of employment shall be deemed to end on the day the employer moves the workplace, the employee being entitled to special severance pay of not less than the severance rate to which the employee would be entitled under Section 118.

22. Labour Protection Act B.E. 2541 (1998), Section 122 provides:

Where the employer terminates an employee under Section 121 and that employee has worked continuously for more than six years, the employer shall pay special severance pay in addition to severance pay under Section 118 of not less than fifteen days at the final wage rate for each completed year of work, or not less than the wages for the last fifteen days of work for each completed year in the case of an employee paid according to output calculated by unit, provided that the total under this section must not exceed three hundred and sixty days at the final wage rate, or the wages for the last three hundred and sixty days of work in the case of an employee paid according to output calculated by unit.

For the purpose of calculating special severance pay, where a period of work is less than one year, a remainder exceeding one hundred and eighty days shall be counted as one complete year.

Put in figures: an employee on 40,000 baht with twelve years' service is made redundant because the company brings in automation. Severance under Labour Protection Act, Section 118 falls in the 300-day tier, giving 400,000 baht. Section 122 adds fifteen days per year, so 180 days across twelve years, roughly 240,000 baht more. If the sixty days' notice was not given, another sixty days is owed, roughly 80,000 baht. The three together come to around 720,000 baht.

Chapter 15

Unfair-dismissal damages: yet another separate pot

Many people think paying severance in full closes the matter. It does not. Paying severance discharges the labour protection legislation, but a separate question remains, namely whether the dismissal was fair, and that question lives in a different statute.²³

Note the five factors at the end of the section, because those are what the court weighs: the employee's age, length of service, the hardship of the dismissal, the grounds for it, and the severance entitlement. The Act lays down no formula and no ceiling, so amounts vary with the facts. The practical effect is that an

²³. Act on Establishment of Labour Courts and Labour Procedure B.E. 2522 (1979), Section 49 provides:

In the trial of a case in which an employer has terminated an employee, if the Labour Court is of the view that the termination of that employee was unfair to the employee, the Labour Court may order the employer to take that employee back into employment at the wage rate received at the time of termination. If the Labour Court is of the view that the employee and the employer can no longer work together, the Labour Court shall fix an amount of damages for the employer to pay instead, having regard to the employee's age, the employee's length of service, the hardship suffered by the employee on being dismissed, the grounds of the termination, and the severance pay to which the employee is entitled.

employee dismissed without fault, without notice, and without fair cause may be entitled to severance, pay in lieu of notice, wages for untaken leave, and unfair-dismissal damages all at once.

Chapter 16

When no severance is owed at all

Now the other side. Where the employee commits misconduct of a kind the Act specifies, the employer may dismiss without paying severance. There are six grounds and the list is closed: these are not examples but the whole of what the law provides.²⁴

24. Labour Protection Act B.E. 2541 (1998), Section 119 provides:

The employer need not pay severance pay to an employee whose employment is terminated in any one of the following cases.

- (1) Dishonesty in the performance of duties, or the commission of an intentional criminal offence against the employer.
- (2) Intentionally causing the employer to suffer damage.
- (3) Negligence causing the employer to suffer serious damage.
- (4) Breach of the employer's work rules, regulations, or lawful and fair orders where the employer has already given a written warning, save in a serious case, where no warning is required.
A warning letter has effect for not more than one year from the date of the employee's breach.
- (5) Absence from duty for three consecutive working days without reasonable cause, whether or not there is a holiday falling in between.
- (6) Being sentenced to imprisonment by a final judgment.

In case (6), where the offence was committed negligently or is a petty offence, it must be a case in which the employer suffered damage.

Where employment is terminated without severance pay under paragraph one, if the employer did not state the facts constituting the ground of termination in the letter of termination, or did not inform the employee of the ground at the time of termination, the employer may not later rely on that ground.

Sub-section (4) repays slow reading, because it works on two levels: for a non-serious breach a written warning must have come first, and a warning letter is good for only one year from the date of the breach, while for a serious breach no prior warning is needed. Sub-section (5), with its words “three consecutive working days, whether or not there is a holiday falling in between”, means an intervening holiday does not break the run. And a frequent misconception is that missing targets or failing probation fall within these exceptions. They do not, because neither appears among the six.

Chapter 17

A ground not stated in the letter cannot be raised later

The final paragraph of Labour Protection Act, Section 119, quoted above, is a provision capable of changing the outcome of a case, and I think it is the most overlooked part of the section. Its application is plain in Judgment 7560/2544²⁵ (2001), where the employee took a great deal of sick leave and was frequently late, did not comply with the leave rules, was warned both orally and in writing, and was disciplined by probation and salary deductions several times, any of which the employer might have relied on to dismiss without severance.

²⁵. Supreme Court Judgment No. 7560/2544

The letter of termination, however, said only that the employee's conduct amounted to diminished capacity in performing their duties, behaviour unsuited to the position, and shortcomings in the role. The Court therefore treated the employer as no longer pressing the dismissal on those disciplinary matters, and held that misconduct not stated in the letter could not be invoked to avoid paying severance. The lesson is clear: the letter of termination is among the most important documents there is, because its wording locks in what the employer can later rely on, so keep the original with the envelope and the date of receipt.

Chapter 18

Interest and surcharges where payment is short or absent

I close with what makes a miscalculation costlier than expected. Labour Protection Act, Section 9, paragraph one, provides that where an employer fails to pay severance under Section 118, special severance under Labour Protection Act, Sections 120 to 122, the sum due under Section 17/1, or other money payable under the Act, it must pay the employee interest during the period of default at fifteen per cent per year, far above ordinary civil default interest. Paragraph two adds a further layer.²⁶

²⁶. Labour Protection Act B.E. 2541 (1998), Section 9, paragraph two provides:

Where the employer intentionally fails to return or pay the money under paragraph one without reasonable cause, then upon the expiry of seven days from the date the return or payment fell due, the employer shall pay the employee a surcharge of fifteen per cent of the outstanding amount for every seven-day period.

Read that again slowly, because the fifteen per cent surcharge runs for every seven-day period, not per year. It applies only where the failure to pay is intentional and without reasonable cause, but once it applies the total grows very quickly. As to routes for a claim, Labour Protection Act, Section 123 lets the employee file with the labour inspector for the locality where the employee works or where the employer is domiciled, and where the employee has died the statutory heirs may file. Labour Protection Act, Section 124 then requires the inspector to investigate and issue an order within sixty days of receiving the claim, extendable by not more than a further thirty days where necessary.

Frequently asked questions

Q Do I get severance if I resign?

A No. Labour Protection Act, Section 118 gives severance only where the employer terminates, that is, no longer allows the employee to work and no longer pays wages, so a voluntary resignation creates no entitlement. Wages for accumulated annual leave remain payable under Labour Protection Act, Section 67, paragraph two, which applies whether the employee ended the contract or was dismissed.

Q Do bonuses and overtime count toward the base?

A Neither does. Overtime pay and holiday pay have their own definitions in Labour Protection Act, Section 5 precisely because they are not remuneration for normal working time. As for an annual bonus or reward, in Judgment 509/2525 (1982) the Court treated it as money paid to reward good service which the employer could decline to approve in any year, so it was not remuneration for work and was not a wage.

Q The employer paid one lump sum and said it covers everything. Is that right?

A It depends on the detail, but the principle in Labour Protection Act, Section 5 is that severance is paid over and above any other category agreed, so it is separate from unpaid wages, bonuses, or a company gratuity. On Judgment 12/2532 (1989), paying a gratuity under company regulations does not discharge the duty to pay severance as well. The safer course is to ask for the calculation broken down pot by pot before signing.

Q What if the contract says the allowance is not a wage, or I signed severance away?

A On the authorities, no. Judgment 2895/2524 (1981) held that whether a category of money is a wage is determined by the labour protection law and no one may lay down a regulation making it otherwise. Judgment 2891/2525 (1982) held that calling it a welfare payment does not stop it being a wage. And Judgment 504/2525 (1982) held that an agreement stripping away the right to severance has no binding effect, because the labour protection law concerns public order.

In summary

Reduced to what is worth remembering, this comes down to three things. First, the six-tier scale in Labour Protection Act, Section 118, from thirty days once one hundred and twenty days have been worked up to four hundred days at twenty years, which are floors only because the Act says “not less than”. Second, the base, set by the definition of wages in Section 5, where the Supreme Court looks to the character of a payment rather than its name, as in Judgments 3562/2524 (1981), 504/2525 (1982) and 2526/2529 (1986) on what counts, and Judgments 1437/2524 (1981), 172/2524 (1981) and 509/2525 (1982) on what does not. Third, the other pots standing apart from severance: pay in lieu of notice under Labour Protection Act, Sections 17 and 17/1, wages for untaken leave under Section 67, special severance under Sections 120 to 122, and unfair-dismissal damages under Section 49 of the Act on Establishment of Labour Courts and Labour Procedure B.E. 2522 (1979), with Section 119 as the other face of the coin, removing the entitlement in six cases, and Labour Protection Act, Section 9 fixing interest and a surcharge where payment falls short.

Understanding this changes only small habits: keep several months of payslips so that every regular item is visible, read the letter of termination closely before signing anything, and add up all the pots before accepting the figure offered. Because in the end, severance is not decided by whether severance was paid, but by what base it was calculated on and whether every pot was counted.

What to do next

- 1 List every item received monthly, then separate those paid in the same amount without receipts from those received only in some months or claimed against receipts.
 - 2 Count the service accurately to the day and match it against the six tiers, because falling either side of a year boundary changes the number of days considerably.
 - 3 Work out the daily wage from the complete base by dividing the monthly figure by thirty, then multiply by the tier's days.
 - 4 Add in every separate pot: pay in lieu of notice, wages for untaken leave, and special severance where there has been a relocation or the introduction of machinery.
 - 5 Keep the original letter of termination and read closely which ground it states, and do not sign a waiver or a receipt worded as full and final settlement before all the pots have been added up.
 - 6 If the figure received does not match your own calculation, or you are unsure whether an item counts as a wage, you are welcome to ask, bringing your payslips and the letter of termination so the base can be checked. An initial discussion carries no obligation and everything is kept confidential under our professional duties.
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Notes and references

Statutes and judgments cited in this book, with the chapter and footnote number.

Statutes cited

1	Labour Protection Act B.E. 2541 (1998), Section 5	Chapter 1 · note 1
2	Labour Protection Act B.E. 2541 (1998), Section 118, paragraph two	Chapter 2 · note 3
3	Labour Protection Act B.E. 2541 (1998), Section 118, paragraph one	Chapter 3 · note 5
4	Labour Protection Act B.E. 2541 (1998), Section 118, paragraphs three and four	Chapter 4 · note 6
5	Labour Protection Act B.E. 2541 (1998), Section 118/1	Chapter 5 · note 7
6	Labour Protection Act B.E. 2541 (1998), Section 17, paragraphs two and four	Chapter 12 · note 18
7	Labour Protection Act B.E. 2541 (1998), Section 17/1	Chapter 12 · note 19
8	Labour Protection Act B.E. 2541 (1998), Section 67	Chapter 13 · note 20
9	Labour Protection Act B.E. 2541 (1998), Section 120, paragraph three	Chapter 14 · note 21
10	Labour Protection Act B.E. 2541 (1998), Section 122	Chapter 14 · note 22
11	Act on Establishment of Labour Courts and Labour Procedure B.E. 2522 (1979), Section 49	Chapter 15 · note 23
12	Labour Protection Act B.E. 2541 (1998), Section 119	Chapter 16 · note 24
13	Labour Protection Act B.E. 2541 (1998), Section 9, paragraph two	Chapter 18 · note 26

Supreme Court judgments cited

1	Supreme Court Judgment No. 12/2532	Chapter 1 · note 2
2	Supreme Court Judgment No. 2725/2525	Chapter 2 · note 4
3	Supreme Court Judgment No. 3562/2524	Chapter 7 · note 9
4	Supreme Court Judgment No. 504/2525	Chapter 7 · note 10
5	Supreme Court Judgment No. 509/2525	Chapter 8 · note 11
6	Supreme Court Judgment No. 1437/2524	Chapter 8 · note 12
7	Supreme Court Judgment No. 172/2524	Chapter 8 · note 13
8	Supreme Court Judgment No. 2526/2529	Chapter 9 · note 14
9	Supreme Court Judgment No. 1197/2531	Chapter 9 · note 15
10	Supreme Court Judgment No. 2895/2524	Chapter 10 · note 16
11	Supreme Court Judgment No. 2891/2525	Chapter 10 · note 17
12	Supreme Court Judgment No. 7560/2544	Chapter 17 · note 25

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Supreme Court judgments can be read in full through the Supreme Court's judgment search (deka.supremecourt.or.th)



From the author

If this is happening to you

If you are in this situation, or you are unsure whether the evidence you hold is enough, you are welcome to ask. We can look at what your documents and messages establish as a matter of law, and what options lie ahead.

What to gather before seeking advice

- ☐ At least six to twelve months of payslips, all of them rather than only the last, because what matters is whether each item really was regular and in a fixed amount.
 - ☐ The employment contract and work rules, with any notices governing cost-of-living allowances, per diems, travel money, and bonuses.
 - ☐ The original letter of termination with its envelope and proof of the date received, since its wording determines what ground the employer may later rely on.
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- ☐ Firm proof of the first and last day of employment, such as the offer letter or social security filings, because the service tier moves the figure in steps.
- ☐ Every warning letter, disciplinary undertaking, or record of punishment, with dates, because a warning letter is good for only one year from the date of the breach.
- ☐ Records of annual leave taken and outstanding, including leave carried over from earlier years.
- ☐ Any posted notice of relocation, or notice of restructuring or the introduction of machinery, with the posting date clearly visible.

1

Tell us the matter and any deadlines

2

Agree the scope and fees

3

Carry out the work and report

An initial consultation carries no obligation, and everything discussed is confidential under professional privilege. Call 065-145-5546 or reach us through whichever channel suits you.

Phenhnung Thabthimthong

Co Founder and Managing Partner, DAP Solicitors & Resolution

This article is general information, not advice on any specific case. A small change in facts can change the entire legal outcome, and the law may be amended, so please consult an attorney before acting.





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