



Legal News

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Draft National Pension Fund Act

With Thailand's growth of aging society, the Thai government has taken initiatives to minimize the cost spent on elderly, while also encouraging the working citizens to save money for retirement.

Accordingly, on 30 March 2021, the Cabinet of Thailand has approved the *draft* National Pension Fund Act ("**NPFA**") on mandatory provident fund ("**MPF**") to promote savings for retirement in both private and public sector employees that are not already a member of the provident fund.

After 360 days once the NPFA has been implemented, the following entities will be subject to the MPF:

1. Employers/private companies with more than 100 employees;
2. Employers/companies granted concession;
3. Companies granted investment promotion from the Board of Investment (BOI);
4. Securities companies listed on the stock exchange;
5. State enterprises not under the pension fund system;
6. Public organizations; and
7. Other government entities that are not under the government pension fund.

Once 3 years have elapsed after the NPFA has been implemented, the MPF will also apply to employers/companies with employees of 10 or more and once 5 years have elapsed, all employers/companies with employee of 1 person or more will be subject to the MPF under the NPFA.

Employers having employees with ages between 15 -60 years old will be required to contribute to the MPF in a progressive rate, starting from 3% in years 1-3 ,5% in years 4-6, 7% in years 7-9 and up to 10% in year 10 and onwards. Nonetheless,

employers or employees may contribute more than the rate as specified by the NPFA, but no more than 15% of the employees' salary.

The draft NPFA is currently under consideration by the Council of State and once approved, it will be sent for approval of the Cabinet before official announcement in the Royal Gazette.

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