

Thailand's Employee Welfare Fund: What It Means For Business Leaders

Background

First, some background. It may come as a surprise to many outside Thailand, but unlike many of its peers in neighbouring Asia Pacific region, Thailand does not have a single national mandatory provident fund system. Unlike say, Singapore's CPF or Malaysia's EPF schemes. Instead, it has a voluntary private provident fund system, which exists alongside the mandatory Social Security Fund.

- The Social Security Fund (SSF), established in 1990, provides basic social protection, including retirement benefits, sickness, disability, and unemployment coverage. Contributions are shared between employers, employees and the government.
- The Provident Fund (PVF) system was introduced in 1987 as a voluntary occupational retirement scheme, designed to encourage long-term savings and provide additional retirement security for employees beyond the very rudimentary SSF.

Despite the provident fund's introduction in 1987, it never really took off. It wasn't until after 1999 that provident funds became more popular, especially among large corporations and multinational companies, as a way to attract and retain talent. This was spurred by the introduction of new regulations which allowed licensed asset management companies (typically linked to financial institutions) to manage the funds professionally.

However, participation was still limited compared to the overall workforce, as small and medium enterprises (SMEs) often opted out from these voluntary retirement schemes.

Current Landscape

In recent years, the Thai Government has begun moving towards broader retirement and welfare reforms, as Thailand faces a rapidly aging population and inadequate retirement savings.

It is estimated that current coverage remains limited, with under 20% of the Thai workforce covered by provident funds, largely in the formal sector.



Policymakers are now considering ways to expand or mandate provident funds to address the country's retirement adequacy gap, and reduce the ever-increasing reliance on the nation's coffers to finance public spending resulting from its aging population. Reforms are ongoing to expand mandatory retirement savings schemes to improve long-term sustainability and improve social protection for workers in SMEs and the informal sector.

The Introduction of Thailand's Employee Welfare Fund

The Employee Welfare Fund (EWF) was established under the Labour Protection Act of 1998. On 22 November 2024, 26 years later, the Ministry of Labour announced that the EWF would take effect from 1 October 2025. Last month, on 26 August 2025, it was announced that the EWF would be postponed by a year to 1 October 2026.

The EWF is a mandatory scheme designed to protect workers when employers fail to meet their obligations or when employees face hardship or emergencies. It complements, but does not replace, the Social Security Fund (SSF) and Provident Fund (PVF) systems. It was created to provide a last-resort safety net for employees, ensuring that they receive certain protections and benefits in specific situations.

The EWF is designed to ensure that employees in smaller companies and SMEs, where provident funds are not common, will have a basic safety net. Larger organisations often use provident funds, and as such, are exempt from the EWF.

Executive Summary: EWF

- **Purpose:**
Provides mandatory financial benefits to employees on termination, death or other prescribed events.
- **Coverage:**
Mandatory for all employers with 10 or more employees, unless the employer already provides a qualifying provident fund or equivalent welfare scheme. The EWF is primarily to cover employees in establishments without provident funds or with provident funds but at less favourable terms compared to the EWF.
- **Contributions:**



- With effect from 1 Oct 2026: 0.25% of monthly wages each from employer and employee
- With effect from 1 Oct 2030: monthly contributions increases to 0.50% each
- **Compliance Obligations:**
Register all eligible employees, deduct contributions from monthly wages, match employer's portion, remit monthly into the EWF, maintain records, and file reports.
- **Penalties:**
Fines and surcharges for non-registration, late remittance, or false reporting.
- **Benefits:**
Provides financial support in cases such as:
 - Employer insolvency or inability to pay wages/severance;
 - Employee death (funeral expenses paid to family); and
 - Certain medical, disability, or hardship situations.
- **Key Differentiation:**
 - Employee Welfare Fund (EWF): Safety net for employees in case of employer insolvency, non-payment or emergencies.
 - Social Security Fund (SSF): Protection to cover retirement, sickness, disability, maternity and unemployment.
 - Provident Funds (PVF): Voluntary employers' long-term retirement savings and benefits scheme for employees.

What This Means for Business Leaders

First and foremost, ascertain if the EWF applies to your business or you fall within the exemption criteria.

- If your organisation currently does not operate a provident fund and employs 10 or more employees, then it is mandatory to join the EWF.
- If your organisation employs less than 10 employees, it is exempted from the EWF, although both employer and employee(s) may agree to voluntarily join the EWF.
- If your organisation's current provident fund or welfare scheme offers benefits that are equal to or better than the EWF, then your business is exempted from the EWF.



- If your organisation operate in specific exempted sectors (eg civil service, state enterprises), then it is exempted from the EWF.

If the EWF is applicable to your business, then this is what it means to you and your business:

- New direct cost (employer contributions) and indirect costs (admin, payroll, reporting, training, HR policies, communications, etc.)
- Additional legal risk of non-compliance with the EWF rules
- Stronger regulatory oversight of workforce benefits and payroll compliance
- On the plus side, this creates an opportunity to enhance your employer brand and to attract and retain talents by exceeding the minimum welfare requirements

Roadmap For The Next 12 Months

So now that the EWF has been postponed and will only go live on 1 October 2026, business leaders caught unprepared can now breathe a huge sigh of relief. Business leaders should treat the next 12 months as a transition runway to audit, plan, build systems, budget and communicate to avoid business disruption.

Below is a roadmap to guide business leaders between now and October 2026:

Timeframe	Actions	Expected Outcome
2025 Q4	1. Audit Your Current Welfare Schemes • Review your provident fund or equivalent welfare arrangements: ○ Does it cover all employees, including probationary or temporary staff? ○ Are benefit amounts and conditions comparable or better than the EWF minimums?	Clarity on whether your company must join the EWF or can remain exempt.



- Does it provide benefits upon termination and death, as required by EWF rules?
- If uncertain, engage legal or HR consultants to confirm eligibility for EWF exemption.
- Document coverage, benefit formulas, membership rules, and compliance processes.

2026 Q1-Q2 **2. Build the Payroll & HR Infrastructure**

- Upgrade systems to:
 - Deduct employee contributions (0.25% of wages)
 - Match employer contributions
 - Remit combined contributions to the fund
 - Generate monthly reports and employee member lists
 - Assign clear ownership within HR and finance teams.
 - Test workflows well before the October 2026 go-live.
- Ready-to-run compliance systems before launch.

2026 Q1-Q2 **3. Budget & Financial Planning**

- Model the added employer cost under both 0.25% (initial) and 0.50% (future) contribution levels.
 - Factor in indirect costs — system upgrades, training, audits, communications.
- No surprises to cash flow, margins, or budgets.



- Plan for possible cash-flow impacts and align with wage reviews or compensation cycles.

2026 Q2-Q3

4. Design & Deliver Employee Communications

- Draft simple, clear communications explaining:
 - What the EWF is
 - How contributions work
 - What benefits employees get
 - If your company is exempt, how your own scheme compares
- Use FAQs, staff briefings, payslip inserts, or intranet updates.
- Prepare your line managers and HR teams to handle questions.

Employee buy-in, reduced resistance, and fewer payroll disputes.

2026 Q4

5. Establish Governance & Compliance Controls

- Integrate EWF compliance into your internal controls and HR policies.
- Set up monthly monitoring to ensure contributions are correctly calculated and remitted.
- Review data privacy and accuracy in employee wage records and member lists.
- Schedule annual legal reviews to keep pace with regulatory changes.

Strong compliance posture and minimal regulatory risk.



Bottom Line

The Employee Welfare Fund (EWF) is a landmark reform in Thailand's labour protection in decades. It marks a congruence of shared responsibility, that employers, employees and the state have a shared responsibility for cushioning workers from unexpected risks.

While the postponement to October 2026 highlights the prevailing economic pressures and uncertainties that local businesses are currently facing, it does not change the underlying need for an adequate safety net to protect workers' welfare and security.

Business leaders who plan ahead will see this as an opportunity to build a stronger welfare system for their workers, and to attract and retain talents for the longer-term business resilience and growth.



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