

# COST ACCOUNTING

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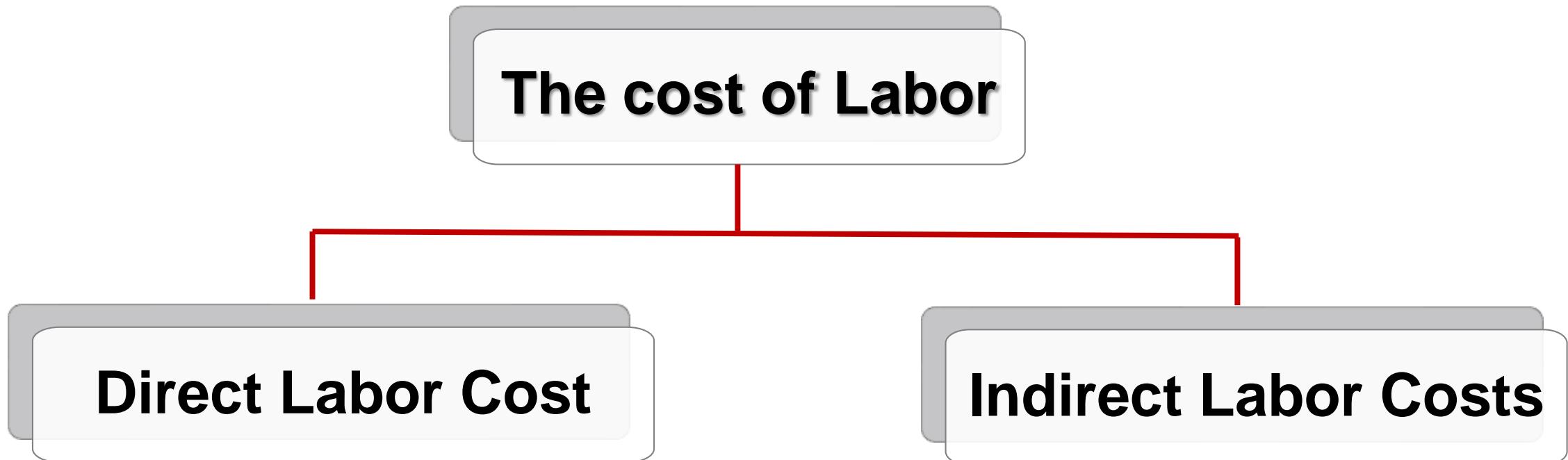
# Chapter 5

## Accounting for Labor cost

# **The cost of Labor**

**The cost of labor is the sum of all wages paid to employees, as well as the cost of employee benefits and payroll taxes paid by an employer. The cost of labor is broken into direct and indirect costs.**

# **The cost of Labor**



# Type of Labor

## 1. Direct Labor

**Direct labor is production or services labor that is assigned to a specific product, cost center, or work order.**



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# Type of Labor

## 2. Indirect Labor

**Indirect labor refers to employees who are not directly involved in the production process of finished goods or services.**



# **Direct Labor Cost**

**The cost of direct labor is generally considered to be the cost of regular hours, shift differentials, and overtime hours worked by employees, as well as the related amounts of payroll taxes.**

# Indirect Labor Cost

**Indirect labor cost is the cost of any labor that supports the production process, but which is not directly involved in the active conversion of materials into finished products.**

# Thai Labor Law

**The minimum wages per day are fixed at rates depending on the location of the work place. (January 2024)**

- Baht 370 Phuket.
- Baht 363 for Bangkok, Nakorn Pathom, Nonthaburi, Pathum Thani, Samut Prakarn and Samut Sakorn
- Baht 361 for Chonburi and Rayong

# Thai Labor Law

**The maximum number of working hours of employees is fixed at 8 hours a day and 48 hours a week in total.**

**In establishments in which the work is deemed injurious to health or personal safety, as stipulated by law, working hours must not exceed 7 hours a day and 42 hours a week in total.**

# Thai Labor Law

**All employees are entitled to a daily rest period of at least 1 hour after working for 5 consecutive hours. The employer and the employee may arrange the daily rest period to be shorter than 1 hour at each time but it must not be less than 1 hour a day in total. A weekly holiday of at least 1 day a week at intervals of a 6 day period must be arranged for the employee.**

# Thai Labor Law

**For work performed in excess of the maximum number of hours fixed either by regulation or by specific agreement (if the latter is lower), employees must be paid overtime compensation. The rates of overtime vary ranging from 1.5 times to 3 times the normal average hourly wage rate for the actual overtime worked.**

# Thai Labor Law

**All employees are entitled to unlimited sick leave, but the number of days paid sick leave shall not exceed 30 regular workdays a year. The employer may require an employee to produce a certificate from a qualified doctor for a sick leave of three days or more.**

# Thai Labor Law

**An employee who has worked consecutively for one year is entitled to at least 6 working days of paid vacation every year, in addition to the 13 holidays in a year traditionally observed in Thailand.**

**THE END**