



# EMPLOYMENT IN SOUTH KOREA



South Korea, officially known as the republic of South Korea, is a country in East Asia. It has a population of 51.75 million, of which roughly half live in the Seoul Capital Area, the fifth largest metropolis in the world. It is a high income, highly developed economy, and is ranked as the seventh highest country on the Human Development Index (HDI) in the Asia and Oceania region. The Korean labour market is highly regulated and very employee-friendly, with powerful labour unions and stringent employment protection laws. The labour Standards Act (LSA) is the principal statute regulating the employment relationship and providing minimum employment standards.



## WORKING TIME AND OVERTIME

The maximum working week in South Korea is 52 hours. Under Korean labour law, employers must allow employees a minimum of one paid day off per week (generally Sunday). Many professional employees work a half-day on Saturday. Employees are allowed to work a maximum of 12 hours of overtime per week, which must be paid at 1.5x the employee's normal hourly salary.

## ANNUAL LEAVE

Employers are legally required to provide 15 days of paid annual leave to employees who have completed one year's continuous service. An additional vacation day is paid for each two years of service thereafter, capped at 25 days.

## TRIAL PERIOD

Though probation period durations are not limited by law, typical probation periods in South Korea last between three and six months.

## RESIGNATION AND DISMISSAL

By law, employers must provide employees with at least 30 days' notice, or equivalent payment in lieu of notice. However, employment contracts often provide for longer notice, up to twelve months in certain circumstances. Full-time employees are entitled to receive severance pay equal to one month's salary for each year of employment if they have worked for at least one year and they have worked for more than 15 hours per week or more than 60 hours per month. Severance pay must be paid within two weeks of termination.

## RESTRICTIVE COVENANTS

Restrictive covenants are generally enforceable in South Korea, provided they are reasonable and protect an employer's trade secrets. This includes non-compete clauses as well as customer and employee non-solicitation clauses.

## CONTRACT OF EMPLOYMENT

Under the LSA, all employers in Korea must enter into a written agreement with their employees, which details working conditions, wages, working hours and recess periods, weekly paid days off, and paid annual leave.



## MATERNITY AND PATERNITY

Pregnant employees are entitled to 90 days of maternity leave, with at least 45 consecutive days of leave to be taken after the birth. Depending on the size of the company, the leave will be paid for by the company or by Employment Insurance. Parents who have worked for an employer for more than one year and have children under six years old are eligible for up to one year of parental leave. This leave will be paid at 40% of normal monthly income, funded by Employment Insurance. Parents cannot take this leave at the same time.

## SICKNESS AND DISABILITY LEAVE

There is no legal requirement for employers to provide leave to employees for non-work related illnesses or injuries. It is not uncommon, however, for companies to provide paid sick leave whether or not an injury or illness is work related. Employers are required under the Labor Standards Act to provide paid leave for work-related illnesses or injuries. Sick pay paid to an employee cannot be recovered from the state.

## HEALTHCARE AND INSURANCE

Healthcare in South Korea is universal and funded through a combination of government subsidies, outside contributions, and tobacco surcharges.

## SOCIAL SECURITY

| Contribution                             | Employer      | Employee |
|------------------------------------------|---------------|----------|
| National Pension                         | 4.5%          | 4.5%     |
| National Health Insurance                | 3.68%         | 3.68%    |
| Employment Insurance                     | 1.05% - 1.65% | 0.8%     |
| Worker's Accident Compensation Insurance | 0.73 - 18.63% | None     |



# EMPLOYMENT OF FOREIGN NATIONALS



There are two main types of visa issued to foreign nationals working in South Korea: the Long Term (E7) visa and the Short Term / Temporary (C4) visa, which lasts for a maximum of 90 days. Foreign nationals who wish to work in Korea should hold a sojourn status that allows employment.



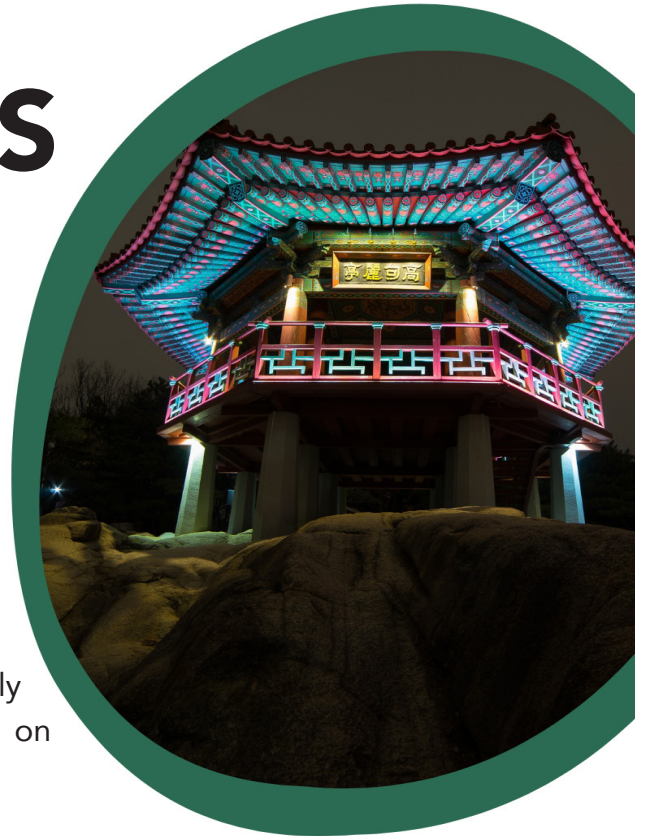
# SALARY TAXES

## MINIMUM WAGE

South Korea's minimum wage is KRW 6470 per hour. The minimum wage rate is reviewed annually.

## SALARY PAYMENTS

The payroll cycle in South Korea is generally monthly, and payments are usually made on the last working day.



## INCOME TAX

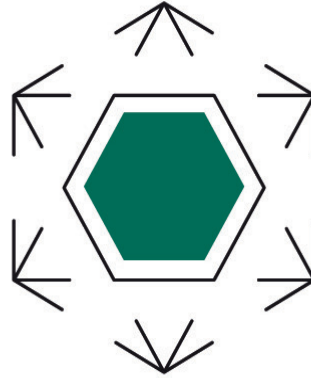
| Taxable Income    | Tax Rate % |
|-------------------|------------|
| 0 - 12,000        | 6%         |
| 12,000 - 46,000   | 15%        |
| 46,000 - 88,000   | 24%        |
| 88,000 - 150,000  | 35%        |
| 150,000 - 300,000 | 38%        |
| 300,000 - 500,000 | 40%        |
| 500,000+          | 42%        |

## SOCIAL SECURITY CONTRIBUTION

Employees make a 4.5% contribution to the National Pension and 3.68% to National Health Insurance, both of which are matched by the employer.

## SOCIAL SECURITY CONTRIBUTION

Employees are required to make variable contributions to Employment Insurance and Worker's Accident Compensation Insurance, depending on individual circumstances.



# EMERALD TECHNOLOGY

[www.emerald-technology.com](http://www.emerald-technology.com)  
[info@emerald-technology.com](mailto:info@emerald-technology.com)  
+44 (0) 870 889 0300

## Europe

Somerset House  
37 Temple Street  
Birmingham  
B2 5DP  
United Kingdom

## Asia Pacific

22 Malacca Street  
#03-02  
RB Capital Building  
Singapore  
048980

## Middle East

Business Central  
Towers  
PO BOX 503055 2001A  
Dubai Internet City  
UAE