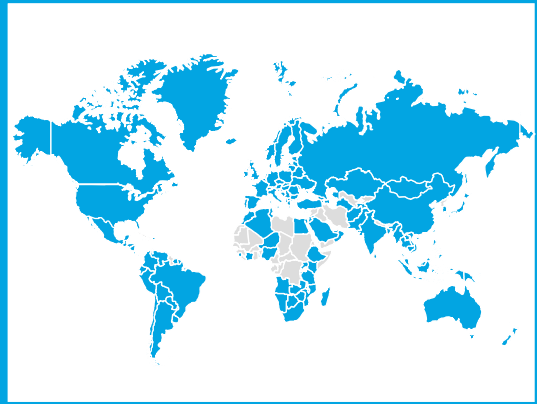


# EXPATRIATES KOREA

## Tax facts for international assignees



### INCOME TAX: WHO IS LIABLE

If deemed as a tax resident of Korea, an individual must continue to file Korean personal income tax returns reporting worldwide income, even when residing outside of the Korea.

Principally, a resident is any individual who has a domicile in Korea, or a place of residence for 183 days or more in Korea. Domicile shall be judged by the objective facts of living relationship such as the existence of a family living together in Korea and of the property located in Korea. And the 'place of residence' means the place where a person has habitually dwelled, despite address used.

The due date for the tax returns and payment of any tax due remains May 31<sup>st</sup> of the following year, without any extension.

Wages received for services performed abroad is non-taxable, subject to following limitations.

- Up to ₩1,000,000 per month, or
- ₩3,000,000 per month, for labor
  - on a pelagic fishing vessel,
  - on a vessel serving overseas routes,
  - for overseas construction work site

On income that is not excluded and taxes are paid to a foreign jurisdiction, Korea will allow a foreign tax credit up to the amount of the applicable Korean taxes that would have been paid. Any excess foreign taxes can be carried forward 5 years.

### BREAKING RESIDENCY - EXIT PROCEDURES

There is no special procedure in Korea for breaking residency. As indicated earlier, residency is determined by the objective facts of living relationship such as the existence of a family living together in Korea and of the property located in Korea.

Any individual other than a resident is a non-resident, who is liable to income tax only on the income derived from sources within Korea.

## INCOME TAX RATES

Tax base	Tax rates
12 million won or less	6%
12-46 million won or less	720,000 won + 15% of the amount exceeding 12 million won
46-88 million won or less	5,820,000 won + 24% of the amount exceeding 46 million won
88-150 million won or less	15,900,000 won + 35% of the amount exceeding 88 million won
150-300 million won or less	37,600,000 won + 38% of the amount exceeding 150 million won
300-500 million won or less	94,600,000 won + 40% of the amount over 300 million won
Over 500 million won	174,600,000 won + 42% of the amount over 500 million won

## SOCIAL TAX RATES

There are 4 compulsory social insurance in Korea: employment insurance, industrial accident compensation insurance, national pension and health insurance.

These 4 compulsory insurances are borne by employers and employees who are each responsible for 50% of the compulsory contributions (in most cases). The contributions are calculated by multiplying the contribution rate by the standard monthly wage. Some of insurances are borne only by the employer.

The rate of each social insurance is as follows

### Employment Insurance

Employee: 0.65% of the total wage (unemployment benefit)

- Employer:
  - Unemployment benefit: 0.9%
  - Employment stabilization project + occupational ability development: 0.25 - 0.85% (depending on company size)

### Industrial Accident Compensation Insurance

- Employee: None
- Employer: 6/1000 - 225/1000 of total salary (depending on business category)

### National Pension

- Employee: 4.5% of standard monthly wage (Upper limit: KRW 210,600)
- Employer: 4.5% of standard monthly wage (Upper limit: KRW 210,600)

### Health Insurance

- Employee: 3.23% of standard monthly wage
- Employer : 3.23% of standard monthly wage

For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)

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