

South Korea Payroll, Labour Law & Compliance Workshop 2026

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Our Speaker:

John Park

Payroll Manager

John is responsible for managing the payroll outsourcing team in South Korea. He has over 7 years of experience in the HR industry and is an expert in payroll outsourcing solutions. Additionally, he also has technical related experience, working with Oracle and SAP.



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Employment in South Korea





Employment in South Korea

- Labour/employment law
- Minimum hourly & monthly wages
- Working hours
- Probation period
- Four major compulsory insurances
- Overtime pay
- Statutory leave

Employment in South Korea

South Korea has approximately 40-50 legislative tools that make up labour/employment law in the country, such as:

- a) The Labour Standards Act (LSA)
- b) The Framework Act on Employment Policy
- c) The Employment Security Act (ESA)
- d) Act on Equal Employment
- e) Industrial Accident Compensation Insurance Act
- f) Labour Adjustment Act (LAA)



Employment in South Korea

Minimum hourly & Monthly wages in 2026

- The statutory minimum wages is **10,320 KRW** per hour
- The statutory minimum wages is **2,156,880 KRW** per month

Working hours

At present, South Korean employees can work a maximum of 40 hours a week with 12 hours of overtime – a total of 52 hours.

(It applies to workplaces with more than five employees.)

Employment in South Korea

Probation period

- There is no specific legislation on probation periods in South Korea.
- The probation period can be extended, but it can be legally extended only with the prior consent of the employee.

**Market practice: 3 months*

Employment Contract

If the Labour Standards Act is properly specified, there is no problem with writing the Employment Contract in English.

Employment in South Korea

Four major compulsory insurances- for full time employee

(Mil = 1,000,000 KRW)

Statutory contributions	Employee contribution	Employer contribution	Maximum Salary Cap (KRW)	Minimum Salary Cap (KRW)
National Pension(NP)	4.75%	4.75%	6.37 Mil	400,000
National Health Insurance (NHI)	3.595%	3.595%	127,725,730	280,383
Long-Term Care Insurance(NHI-LCI)	0.4724%	0.4724%		
Employment Insurance (EI)	0.9%	1.15% to 1.75%		
Worker's Accident Compensation Insurance (WCI)		0.56% to 18.56%		

Market practice: part-time employee who have worked more than 60hours per month is included

Employment in South Korea

Four major compulsory insurances- for full time employee

Sample: Monthly Salary KRW 7 Mil (Mil = 1,000,000 KRW)

Statutory contributions	Employee contribution	Employer contribution	Maximum Salary Cap (KRW)	Minimum Salary Cap (KRW)
National Pension(NP)	6.37 Mil x 4.75%	6.37 Mil x 4.75%	6.37 Mil	400,000
National Health Insurance (NHI)	7 Mil x 3.595%	7 Mil x 3.595%	127,725,730	280,383
Long-Term Care Insurance(NHI- LCI)	7 Mil x 0.4724%	7 Mil x 0.4724%		
Employment Insurance (EI)	7 Mil x0.9%	7 Mil x 1.15% to 1.75%		
Worker's Accident Compensation Insurance (WCI)		7 Mil x 0.56% to 18.56%		

Employment in South Korea



Four major compulsory insurances- Register/Deregister

As of the **15th of each month**, the insurance premium of the person entering or leaving the company for the month is included in or excluded from the bill.

- If register/de-register report is filed **before** 15th -> reflected in the **current** month's bill
- If register/de-register report is filed **after** 15th -> reflected in the **next** month's bill

4 Insurances	Report Deadline	Type	Data Required
National Health Insurance (NHI)	Within 14 days by the 15th of the month following the month of employment	New Hire	Name / Resident registration number / Nationality / Join date / Monthly salary / Working hours per week / Job duty
National Pension(NP)			
Employment Insurance (EI)		Resignee	Name / Resident registration number / Last working date / Total remuneration for the year(number of working months) /
Worker's Accident Compensation Insurance (WCI)			Total remuneration for the previous year(number of working months) / Reason for leaving company

Q&A

Quick Quiz

How much is the holiday overtime pay?
(Sample Hourly wage: **20,000 KRW**)
(Holiday working **9am to 11am**)

- 1) 40,000 KRW
- 2) 60,000 KRW
- 3) 80,000 KRW

Quick Quiz

How much is the holiday overtime pay?
(Sample Hourly wage: **20,000 KRW**)
(Holiday working **9am to 11am**)

Answer:

2) **60,000 KRW**

9am to 11am: $20,000 \text{ KRW} \times 2 \text{ hour} \times 150\%$



Employment in South Korea

Overtime Pay (All employees)

Day	Working Time	Wage
Weekday	18:00 – 22:00	Hourly Wage x 150%
	22:00 – 06:00	Hourly Wage x 200%
Holiday	09:00 – 18:00	Hourly Wage x 150%
	18:00 – 22:00	Hourly Wage x 200%
	22:00 – 06:00	Hourly Wage x 250%

<Weekday Overtime Pay – Sample cases> **Sample Hourly Wage: 20,000KRW**

18:00 – 19:00 = 20,000 x 1hour x **150%** = 30,000KRW

* If Employee work between 22:00 and 06:00 regardless of whether employee work overtime or night shift work, an additional 50% of their normal wage must be added.

* Employees who contract with the company to work on weekends do not receive holiday overtime pay because the weekend is a normal day of work.



2026 Statutory Holidays

An employee, irrespective of his / her length of service, is entitled to the following Holidays.

Korea of 2026 Calendar consist of **21 holidays**.

Date	Holiday name
Thu, 01/01/2026	New Year's Day
16/02/2026 to 18/02/2026	Lunar New Year (Seollal)
Sun, 01/03/2026	Independence Movement Day
Mon, 02/03/2026	Independence Movement Day_ Substitute Holiday
Fri, 01/05/2026	Labour Day
Tue, 05/05/2026	Children's Day
Sun, 24/05/2026	Buddha's Birthday
Mon, 25/05/2026	Buddha's Birthday_ Substitute Holiday
Wed, 03/06/2026	2026 Local election day
Sat, 06/06/2026	Memorial Day
Sat, 15/08/2026	National Liberation Day
Mon, 17/08/2026	National Liberation Day_ Substitute Holiday
24/09/2026 to 26/09/2026	Chuseok Holiday
Sat, 03/10/2026	National Foundation Day
Mon, 05/10/2026	National Foundation Day_ Substitute Holiday
Fri, 09/10/2026	Hangul Proclamation Day(Korean Alphabet Day)
Fri, 25/12/2026	Christmas Day

Employment in South Korea

Statutory Leave

Unpaid Leave

- Unpaid Leave
- Sick Leave
- Menstrual Leave
- Family care Leave
- Childcare Leave

Paid Leave

- Annual Leave
- Maternity Leave
- Paternity Leave

Employment in South Korea

Statutory Leave – Unpaid Leave

Unpaid leave due to personal circumstances can be done in accordance with the **company policy**.

(There are no separate labour relations law related to **unpaid leave**.)



Employment in South Korea

Statutory Leave – Unpaid Leave

Sick Leave

- There is **no provision** for sick leave in the labour Standards Act.
- Therefore, company treat sick leave paid or unpaid according to the **company policy**. (It is generally the practice of **unpaid leave**.)

Employment in South Korea

Statutory Leave – Unpaid Leave

Menstrual Leave

- Company **must provide** monthly menstrual leave when female employees claim it, with an allowance of 1 day per month.
- According to Article 73 of the labour Standards Act, menstrual leave is generally provided as **unpaid leave**. However, it can be stipulated as paid leave according to the **company policy**.



Employment in South Korea

Statutory Leave – Unpaid Leave

Family Care Leave

- The company is not obligated to pay wages during **Family Care leave**.
- Employees are entitled to family care leave for up to 90 days per year. It can be used in installments, with more than 30 days at a time.
- Family care leave cannot be used by **probationary employees** if their working period is less than 6 months.



Employment in South Korea

Statutory Leave – Unpaid Leave

Childcare Leave

- Extension from 12 months to **18 months** (There is a condition that both parents must use childcare leave for at least 3 months.)
 - Childcare leave is considered **unpaid leave**. Company is not obligated to pay wages during this period. (**Employee receive a grant from the government only**)
 - Pregnant female employees and those with children under the age of 8 or under the 2nd grade of elementary school are eligible for childcare leave.
- Company cannot fire employee due to childcare leave.

Q&A

Quick Quiz

How many annual leave does the employee have in total?

Company joined date: 2025. Jan. 01

Last working date: 2025. Dec. 31

- a) 11 days
- b) 12 days
- c) 15 days

Quick Quiz

Company joined date: 2025. Jan. 01

Last working date: 2025. Dec. 31

How many annual leave does the employee have in total?

Answer:

a) 11 days

less than 1st year annual leave = 1 day x 11months
= 11 days

Employment in South Korea

Statutory Leave – Paid Leave

Annual Leave

- If the number of full-time employees **is more than 5** and the attendance rate of employees is more than 80% for pervious year, 15 days of paid leave must be given.
(Article 60 of the labour Standards Act)
- Employees who work for less than one year or less than 80% of employees who work for one year will also be paid **one day of paid leave for one month**
- The **maximum** number of annual leave days is **25 days**

※ However, this does not apply to employees whose working hours are less than 15 hours per week (average of 4 weeks)

- Even during the probation period, annual leave is granted
- There is no legal annual leave in workplaces with less than five full-time employees

Employment in South Korea



Statutory Leave – Paid Leave

Annual Leave

- less than 1st year annual leave = 1 day x 11months = 11 days
- 1st year and 2nd year annual leave = 15 days

(Paid annual leave is provided in addition to one day every two years.)

Annual Leave entitlement days – Based on the number of years of service			
1st to 2nd year	15 days	13th to 14th year	21 days
3rd to 4th year	16 days	15th to 16th year	22 days
5th to 6th year	17 days	17th to 18th year	23 days
7th to 8th year	18 days	19th to 20th year	24 days
9th to 10th year	19 days	21th year annual leave	25 days (Maximum)
11th to 12th year	20 days		

Employment in South Korea



Statutory Leave – Paid Leave

Paternity Leave

Paternity leave period is 20 working days.

Maternity Leave

- Maternity leave is a legal leave guaranteed under the labour Standards Act and must be granted regardless of the type of labour contract, occupation, length of service, etc. (Article 74 of the labour Standards Act)
- Company must give a pregnant woman **90 days** of maternity leave (100 days for premature birth, 120 days for multiple births) before and after childbirth.

Retirement pension, Severance pay and Termination



Retirement Pension - Defined Benefit (DB) Plan and Defined Contribution (DC) Plan

< DB / DC >

-There are 2 types of retirement pensions.

- 1) DB plan:** Retirement pension system in which the severance pay is set in advance based on the salary of 3 months immediately before retirement.
- 2) DC plan:** If the company accumulates 1/12 or more of the total salary of workers every year, it is a system in which workers can directly manage this amount and make a profit.



Severance pay / Termination

Termination process

- The company shall pay employee all amounts, including last salary and severance pay, within 14 days after the last working day.
- The deadline for reporting the termination of the four major insurances is as follows:
 - a) Health Insurance: Within 14 days after final working day
 - b) National Pension, Employment Insurance, Worker's Accident Compensation Insurance : Within 15th of next month after final working day

Severance pay / Termination

Termination process

Due process of dismissal (Article 27, 26, 23 of the Labour Standards Act)

1) The reason for the employee's dismissal should be specified in detail.

(For the responsible reasons of the worker, the company must fire for justifiable reasons.)

2) 30 days prior notice of dismissal.

3) Specific reasons for dismissal and timing of dismissal shall be notified.

4) Notice of dismissal must be made in writing.

Severance pay / Termination

Pay in lieu of notice

In accordance with article 26 of the labour standards Act, the standard for payment of dismissal notice allowance is ordinary wages.

ordinary wages include fixed payments such as meal, vehicle maintenance expenses.

- **Company notify before 30days – no need to pay dismissal allowance**
- **Company notify less than 30days – need to pay 30 days of monthly ordinary wage**

Standards guidelines dictate the termination notices should:

- a) Be in writing.
 - b) Include the reasons for termination.
 - c) Include the date of termination.
- Payment due by last working day

Severance pay / Termination

Severance pay

Company joined date: 2025. Jan. 01 , Last working date: 2025. Dec. 01 (365days)

Basic salary: 3 Mil KRW, Annual Bonus: 2.4 Mil KRW

Previous 3 months: Oct, Nov and Dec 2025

$((\text{previous 3 months Basic salary} + (\text{Annual bonus} / 12 \text{ months} * 3 \text{ months})) / 92 \text{ days}) * 30 \text{ days} / 365 * 365 = 3,326,087 \text{ KRW}$

Hire Date	2025-01-01			
Last Working Date	2025-12-31			
Total Working Days	365			
Period	Base Salary	Meal Allowance		Total
2025/10/01-2025/10/31	3 Mil	0.2 Mil		3.2 Mil
2025/11/01-2025/11/30	3 Mil	0.2 Mil		3.2 Mil
2025/12/01-2025/12/31	3 Mil	0.2 Mil		3.2 Mil
92days				9.6 Mil
Total Calculated Salary	Total Calculated Bonus	Grand Total	Average Wage	Severance Pay
9.6 Mil	2.4 Mil / 12 * 3	10.2 Mil	110,869	3,326,087

Severance pay / Termination

Retirement Age

Article 19 of the Act on the Prohibition of Age Discrimination in Employment and the Promotion of Employment for the Elderly has an obligation to comply with the statutory retirement age requirement that "the employer shall set the retirement age of workers at least 60 years old."

After retirement, the law does not stipulate whether it is possible to rehire regular workers in the form of indefinite or professional contracts according to the company's needs, so each company can set and implement standards.

Q&A

Statutory Filing –Tax Filing & Individual tax table



Statutory Filing –Tax Filing & Individual tax table

Income Tax Filing

Income tax returns must be filed with the National Tax Service by the 10th of following month.

Year-End-Income Tax Filing

The tax settlement fiscal year is from January 1st to December 31st, and the settlement results are reflected in the February Payroll Report by conducting the previous year's tax settlement process from mid-January to mid-February every year.

Statutory Filing –Tax Filing & Individual tax table

Individual Income Tax

Income bracket	Tax rate
Below 14 million KRW	6%
14 million – 50 million KRW	15%
50 million – 88 million KRW	24%
88 million – 150 million KRW	35%
150 million – 300 million KRW	38%
300 million – 500 million KRW	40%
500 million – 1 billion KRW	42%
Over 1 billion KRW	45%

Work Permit and Visa





Work Permit and Visa

Types of Visa:

- **Short term work visa (Type C)**
People who want to engage in short-term employment in a specific field for less than 90 days
- **Long term work visa (Type E)**
Visa with a long stay of between 3 and 5 years
- **Top Tier work Visa (D-7)**
Visa applied for when a foreign-based corporation dispatches employees to a Korean corporation with a period of stay of 3 years
- **Dependent Visa (Type F)**
As a dependent visa, the upper limit is different for each type of visa (three months to five years)

Legislation Update



Legislation Update

Update	Description
Statutory Minimum Wage	Hourly wage increased to 10,320 KRW starting 1 January 2026.
National Health Insurance	The National Health Insurance rate has been raised since 1 January 2026.
National Pension Insurance	The National Pension Insurance rate has been raised since 1 January 2026.
Raising the upper limit of salary for shorter working hours during childcare	In order to revitalize the reduction of working hours during the childcare period, the upper limit of the salary calculation standard for each working hour will be raised to 2.5 million won and 1.6 million won, respectively.
The official name of 'Worker's Day' has been changed to 'Labour Day.'	From 2026, May 1 will be changed from Worker's Day to Labour Day.
Reorganization of the payment method of subsidies for substitute workers for parental leave	If a person on parental leave maintains and hires a replacement for the transition after returning to work, he or she can receive a replacement support fund for up to one month.
South Korea Passes 'Yellow Envelope Act' Expanding Union Rights	Articles 2 and 3 of the so-called "Yellow Envelope Act" amendments to the "Trade Union and Labour Relations Adjustment Act" will take effect on March 10, 2026.

Employer of Record (EOR)

What is an Employer of Record?

A EOR provider acts as the legal employer of a client's employees and seconds the employee back to the client under a service agreement enabling you to hire anyone, anywhere in Asia **within 48 hours**.



Did you know?

The Employer of Record was a \$4.2B USD industry in 2021 and is forecast to reach USD6.8B by 2028!

Source: Valuates Reports

Hire anyone, anywhere, in **48 hours!**

Key reasons Clients engage EOR services



Speed to market

Compliantly hire anyone, anywhere in Asia in **less than 48 hours** with on the ground HR support



Flexibility & Cost

Expand into new markets **without** incurring the **cost**, **commitment** and **timeline** associated with setting up a new legal entity



Wider Talent Pool

Access a wider talent pool by **hiring** in demand **skillsets** from **anywhere** in Asia



M&A Activity

Simplifying corporate structure by **closing legal entities** and moving 'orphaned employees' under an **EOR provider** to save ongoing costs



Mobility & Retention

Retain staff by allowing them to **relocate anywhere** in Asia and work remotely

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