

Supporting Foreign Workers in Korea with 2024 Year-end Tax Settlement

- Guide in English, YouTube videos, Manual now available to answer your questions! -

- **Foreign workers** in Korea, excluding daily workers, must complete the **year-end tax settlement** for their wage and salary income for the year 2024 by the end of February 2025. This requirement applies irrespective of nationality or length of stay.
 - ※ The number of foreign workers required to undergo year-end tax settlement: 0.51M (2021) → 0.54M (2022) → 0.61M (2023)
- The year-end tax settlement **timeline**, deduction items, and **tax calculation methods** are, in principle, **the same for foreign workers and Korean nationals**.
 - A notable exception lies in the **income deduction for deposits made to home-purchase savings accounts**. This deduction is available only to taxpayers registered as the **head of a household** under the Resident Registration Act. Since **foreign nationals** cannot be recognized as the head of a household under this law, they are **ineligible for this specific deduction**, even if they are residents of Korea.
- Taxpayers seeking to take advantage of **special taxation systems exclusive to foreigners**, such as the 19% flat income tax rate or income tax reduction for foreign engineers, are advised to thoroughly examine the eligibility criteria.

- The National Tax Service (NTS), under the leadership of Commissioner Kang Minsu, provides a range of **guidance services** to assist **foreign workers** who may face challenges due to limited Korean language proficiency or unfamiliarity with the local tax system. The aim is to ensure that all foreign workers can complete their year-end tax settlements without difficulty.
- Foreign workers can access detailed information on year-end tax settlement through various resources NTS offers. These include the **Easy Guide** (English) and **foreign language manuals** (English, Chinese, Vietnamese) available on the English website of NTS. Additionally, the NTS YouTube channel features instructional videos in English. For personalized assistance, NTS operates a dedicated Help Line for foreigners at 1588-0560 (English).
- **This year**, an **information leaflet** outlining key details of the **special taxation system exclusive to foreign workers** has been produced in **four languages** (Korean, English, Chinese, and Vietnamese). These leaflets can be obtained at **relevant institutions**, including **tax office service desks**, embassies and foreign worker support centers.
- The NTS **reviews year-end tax filings to verify their accuracy**. Foreign workers are strongly advised to consult the provided guidance and **ensure compliance when filing their taxes**. **Improperly claiming deductions** may result in **penalties** of up to 40% in additional tax.

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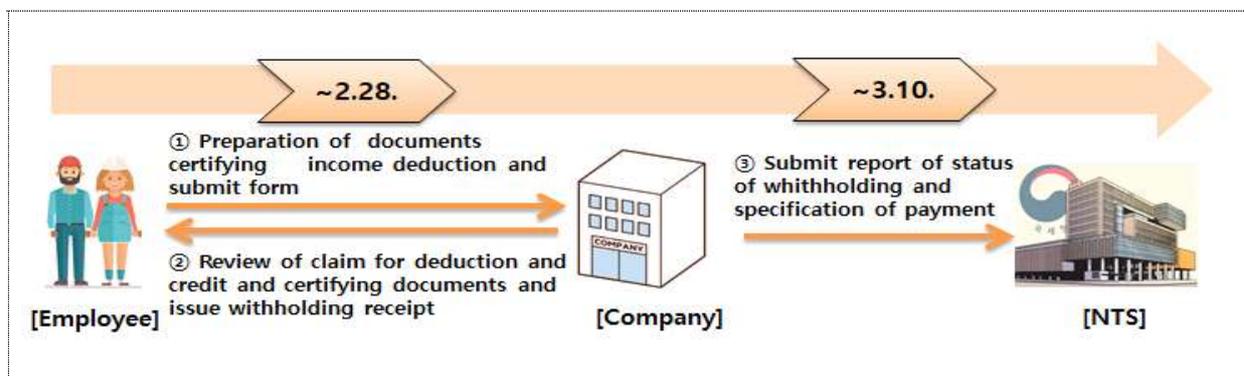


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Guidance for Foreign Workers on Year-end Tax Settlement for 2024

- Foreign workers who earned wage and salary income in Korea during 2024 (excluding daily workers) must finalize their year-end tax settlement by the time they receive their February 2025 salary. This requirement applies regardless of nationality, length of stay, or income amount.
 - Based on the year-end settlement outcome, the final tax amount will be compared with the amount withheld monthly by the withholding agent (the employer). If the amount withheld exceeds the final tax amount, the taxpayer will receive a **refund for the difference**. Conversely, if the amount withheld is insufficient, the taxpayer will be required to **pay the difference**.
 - In principle, the year-end tax settlement process for foreign workers is the same as it applies to Korean workers.
 - Foreign workers wishing to simplify document submission for their year-end tax settlement are encouraged to utilize the ‘one stop service.’* To do so, they must log in to Hometax and complete the process to **confirm their consent to information provision by January 15, 2025**.
- * The taxpayer only has to give consent to information sharing, and the NTS will send all the data needed for simplified tax settlement directly to the taxpayer’s employer.

| 2024 Year-End Tax Settlement Schedule |



□ The NTS provides a range of **filing guidance services** to assist foreign workers complete their year-end tax settlement without difficulty.

○ **Withholding agents** (employers) are encouraged to utilize the **foreign language resources*** published by NTS to help their foreign employees with limited Korean proficiency to prepare for their year-end tax settlement.

* These include Easy Guide (English), foreign language manuals (English, Chinese and Vietnamese) and instructional videos on YouTube among others.

2 Important Tips for Foreign Workers

1 Deductible items vary based on residency status of foreign employees.

□ Foreign workers classified as **residents of Korea** are eligible to claim **the same general deductions** available to Korean residents. However, an **exception** applies to the **deduction for deposits made to home-purchase savings accounts**. This deduction is only allowed for heads of households (Act on Restriction on Special Cases Concerning Taxation, Art. 87).

* Foreign nationals cannot be recognized as heads of households under the Resident Registration Act and therefore are not eligible to enjoy the income deduction for home-purchase savings. However, they can still claim deductions for housing funds (Income Tax Act, Art. 52) and tax credits for monthly rents (Act on Restriction on Special Cases Concerning Taxation, Art. 95-2).

○ Foreign workers classified as **non-residents** should be aware that **certain income deductions and tax credits*** available to residents may not apply to them.

* These include personal deduction for dependents, special income deductions, tax credits for children, and special tax credits, among others.

② Foreign workers may opt for a flat income tax rate.

- Foreign workers, unless employed by a company with which they have a special relationship,* may opt for a special flat tax rate of 19% applicable for up to 20 years from the tax year in which they began working in Korea, or the basic tax rate.

* 'A special relationship' is determined by criteria such as the foreign worker owning 30% or more of the equity shares in the employing company.

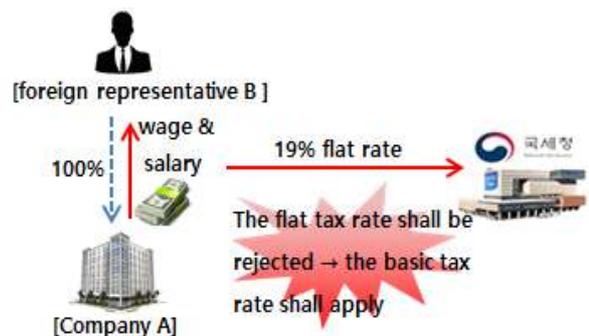
- Taxpayers opting for the **flat income tax rate** should be aware that they forfeit eligibility for other tax benefits, including **tax exemptions, deductions, reductions and credits** provided under the Income Tax Act. For example, while National Health Insurance premiums paid by the employer are considered **non-taxable income** under the basic tax rate, they are **treated as taxable income** when the flat tax rate is chosen,



Example of Wrongfully Applied Flat Tax Rate for Foreigners

- ◆ Where the foreign representative B of stock company A owns 100% of the company's shares but a flat tax rate (19%) was applied

⇒ **The flat tax rate shall be rejected and the basic tax rate shall apply**



③ Foreign engineers who meet eligibility requirements may enjoy income tax reduction.

□ Foreign engineers who provide services in Korea under an engineering technology license agreement or qualify as researchers, may enjoy a 50% income tax reduction on their earned income for ten years.

* If employed by a 'specialized leading enterprise' as defined under Article 16 of the Act on Special Measures to Strengthen Competitiveness and Stabilize Supply Chain of Materials, Components, and Equipment Industry, foreign workers may receive a 70% reduction for the first three years of employment in Korea (applicable only if the worker began working in Korea on or before December 31, 2022).



Be sure to check the eligibility requirements before claiming tax reduction for foreign engineers.

- ◆ Foreign engineers must meet one of the following two conditions to be eligible for income tax reductions. Be sure to check whether you qualify (Enforcement Decree of Act on Restriction on Special Cases Concerning Taxation, Art. 16):
- ① The individual provides services in Korea under an engineering technology license agreement (with a contract value of USD 300,000 or more); or
 - ② The individual is employed as a researcher in Korea, such as at a research institute affiliated with a Korean company, and holds a bachelor's or higher degree in the natural or engineering sciences, and has at least five years of work experience at a foreign research institute prior to working in Korea.

④ Foreign teachers may enjoy income tax exemption under applicable tax treaties.

□ A foreign teacher who is a citizen of a jurisdiction that has a tax treaty with Korea, including a tax exemption clause for teachers and/or professors, and meets the necessary requirements, may qualify for an income tax exemption on

income from teaching and research activities. The exemption applies for the period specified in the treaty.

* The specific tax exemption requirements differ for each tax treaty. Taxpayers are strongly advised to check the original text of the treaty between Korea and their country of residence before claiming the tax exemption.

 **Be sure to check** the applicable **tax treaty** based on **your country of residence**.

◆ To view the tax treaty provisions, visit the National Tax Law Information System (taxlaw.nts.go.kr) → Proceed to 「Statutes」 → 「Tax Treaties」

Exemption Clause	Tax Treaty Partners
N/A	15 jurisdictions including Norway, Sweden, Singapore and Hong Kong
2-yr exemption	74 jurisdictions including US, Vietnam, Spain, Japan, France and Australia
3-yr exemption	Goergia, China, Qatar, Tajikistan (4 jurisdictions)
No period limit	Albania and Hungary (2 jurisdictions)

3 Information Services to Support Foreign Workers' Year-end Tax Settlement

- The National Tax Service's **English website** provides the 「**Easy Guide**」, offering essential information in both Korean and English, as well as 「**Foreign Language Manuals**」 (in English, Chinese and Vietnamese) on how to complete year-end tax settlement accompanied by calculation examples.
- Additionally, the NTS has an **official YouTube channel**, offering essential guidance through 10-minute videos titled 「**Year-end Tax Settlement for Foreign Workers**」. For personalized assistance, foreign workers can call the **NTS Helpline for Foreigners** at 1588-1560, where advice is available in English.
- **This year**, the NTS has also produced an **information leaflet**

outlining key details of the **special taxation system for foreign workers** (such as flat income tax rate for foreign workers, tax reduction for foreign engineers, and tax exemption for foreign teachers) in different languages. These leaflets are now available at **relevant institutions and customer service desks in tax offices nationwide.**

| How to access services to aid foreign workers' year-end tax settlement |

Service Type	How to Access
 Phone (English)	1588-0560, 09:00 ~ 18:00 (Not available in 11:30~13:00)
 Online Q&A (English)	www.nts.go.kr/english/main.do > Help Desk > Q&A
 Easy Guide for Foreigners' Year-end Tax Settlement (English)	www.nts.go.kr/english/main.do > Resources > Publication > 2024 Easy Guide for Foreigners' Year-end Tax Settlement
 Year-end Tax Settlement Manuals for Foreigners (English, Chinese & Vietnamese)	www.nts.go.kr/english/main.do > Resources > Publication > 2024 Year-end Tax Settlement Manual for Foreigners
 Special Taxation for Foreigners Leaflet (English, Chinese & Vietnamese)	www.nts.go.kr/english/main.do > NTS News > News and Updates > Special Taxation System for Foreigners
 YouTube Videos (English)	www.youtube.com/user/ntskorea

【Appendix】

1. How to Obtain Supporting Documents Needed to Claim Income Deductions & Tax Credits
2. Determination of Resident and Non-resident Status under the Income Tax Act
3. Eligibility for Income Deductions & Tax Credits
4. Foreigners' Guide to Calculating Tax Amount for Year-end Tax Settlement
5. Special Taxation System for Foreigners Leaflet
6. FAQ on Year-end Settlement for Foreigners

How to Obtain Supporting Documents Needed to Claim Income Deductions & Tax Credits

- **When One Stop Service is used to submit supporting documents for tax settlement**



- **(Employers)** By Nov. 30, 2024, the employer must register the employee list by: ① retrieving the previous year's list of employees, ② using the spreadsheet template provided by NTS to draft a list and uploading it, or ③ directly keying in the employee information in Hometax.

▪ Hometax → Tax Credits & Year-end Tax Settlement → Simplified Tax Settlement → One Stop Service → (For Employers) Application·Management

* The initial application deadline is Nov. 30, 2024. Modifications and corrections may be made until Jan. 10, 2025.

- **(Foreign Workers)** From Dec. 1, 2024 to Jan. 15, 2025, the taxpayer can confirm and give consent to the scope of data shared by Hometax with the employer to complete the process.

▪ Hometax → Tax Credits & Year-end Tax Settlement → Simplified Tax Settlement → One Stop Service → (For Workers) View·Consent·Cancel

- **When the employee needs to get documents issued manually**

- The taxpayer must submit supporting documents to the employer if additional information is required beyond what is provided by NTS via Hometax.

Supporting Documents	Issued for	Issuing Body
Certificate of Alien Registration	Foreign workers employed in 2024 or foreign workers with changes in dependents	Immigration Office
Insurance premium payment receipt	Holders of life insurance policies, etc.	Insurance companies
Certificate of Medical Services (Medication) Fees Payment	Workers eligible for medical expenses deduction	Hospitals, Pharmacies
Education Fees Payment Receipt	Taxpayers or dependents who are in school	Education institution
Donation Receipt	Workers who have made donations	Donation receiving organizations
Confirmation of credit card spendings, etc.	Workers eligible for deduction for credit card spending	Card companies

**Appendix
2**

Determination of Resident & Non-resident Status under the Income Tax Act

- A ‘resident’ is an individual who has his/her domicile in Korea, or a place of residence for at least 183 days in Korea. A ‘non-resident’ is any individual who is not a resident (Income Tax Act Art.1-2)

◆ If a person had a place of residence in Korea for at least 183 days* during one taxable period, the person shall be deemed to have had a place of residence for at least 183 days. The period of residence is counted from the day after the date of his/her arrival in Korea to the date of his/her departure. When the purpose of one’s departure from Korea is deemed to be temporary, such as sightseeing or medical treatment, the duration of sojourn abroad is also counted toward the duration of residence. (Enforcement Decree of Income Tax Act, Art. 4)

*This does not mean that the person has to have stayed in Korea for 183 consecutive days.

- The concepts of domicile and residence, used to determine resident status, are as follows:
- **(Domicile)** A domicile is determined by the objective facts of living circumstances, such as the existence of a family living together and assets held in Korea. (Enforcement Decree of Income Tax Act, Art. 2-1)
 - ※ Domicile is determined based solely on the living circumstances in Korea, not compared with the living circumstances abroad.

A person is deemed to have a domicile in Korea

- When the person resides in Korea and has an occupation which usually requires him/her to continually reside in Korea for at least 183 days.
- When the person residing in Korea has a family member with whom he/she shares a living, and is deemed to continually reside in Korea for at least 183 days in view of his/her occupation and/or state of asset ownership.
- When a crew member of a vessel or aircraft serving overseas routes has family with whom he/she shares a living residing in Korea, or has his/her usual place of stay during off-duty periods located in Korea,

A person is deemed not to have a domicile in Korea

- When a person living or working abroad has a foreign nationality, or a permanent residency permit issued by the foreign country, and has no family member in Korea with whom he/she shares a living, and based on his/her occupation or the state of asset ownership, is not deemed likely to return to reside mainly in Korea.

- **(Place of residence)** A place of residence means a place other than a person's domicile where he/she lives for a significant length of time, and in which there is **no living relationship formed as close as in a domicile** (Enforcement Decree of Income Tax Act, Art. 2-2).

Determination of resident status of executives, employees, etc. dispatched abroad, such as to overseas subsidiaries of Korean companies

- **Executives or employees dispatched to an overseas place of business or subsidiary of a resident or a Korean corporation, or employees of the Korean government working abroad, are deemed as residents of Korea** (Enforcement Decree of Income Tax Act, Art. 3).

Eligibility for Income Deductions & Tax Credits

Item		Korean National		Foreign National	
		Resident	Non-resident	Resident	Non-resident
Gross Wage & Salary Income		Including foreign source income	Korea source income only	Including foreign source income	Korea source income only
Personal deductions Income Tax Act Art. 51	Basic deductions (Taxpayer, spouse, dependents)	○	Only for the taxpayer	○	Only for the taxpayer
	Additional deductions (Senior citizens, persons with disabilities, etc.)				
Special income deductions Income Tax Act Art. 52	Insurance premium	○	X	○	X
	Housing funds	○	X	○	X
Other income deductions Act on Restriction Special Cases Concerning Taxation	Deposits to Home-purchase Savings Accounts Art. 87	○	X	X	X
	Contributions to Employee Stock Ownership Associations Art. 88-4	○	○	○	○
	Long-term Collective Investment Securities Savings Art. 91-16	○	X	○	X
	Long-term Collective Investment Securities Savings for Youth Art. 91-20	○	X	○	X
	Credit Card Spending Art. 126-2	○	X	○	X
Tax Credits	Tax Credit for Children Income Tax Act Art. 59-2	○	X	○	X
	Special Tax Credits (Insurance premium, medical expenses, etc.) Income Tax Act Art. 59-4	○	X	○	X
	Foreign Tax Credits Income Tax Act Art. 57	○	X	○	X

✓ It is the responsibility of the taxpayer to check the relevant laws, including Income Tax Act and the Act on Restriction of Special Cases Concerning Taxation, to understand the requirements and whether they qualify to claim the deductions and credits listed on this table as well as other tax benefits.

How to Calculate Tax Amount for Year-end Tax Settlement

1. General Calculation Process for Year-end Tax Settlement

<p>Step 1 Gross wage & salary income</p>	<p><u>Annual wage & salary income</u> <u>(-) Non-taxable income</u> = Gross wage & salary income</p>	<ul style="list-style-type: none"> ○ Non-taxable income <ul style="list-style-type: none"> - Personal vehicle allowance (KRW 200,000/mo) - Work-related tuition support - Employer's contribution to payment of Natl Health Insurance premium & Employment Insurance premium, etc. 												
<p>Step 2 Adjusted wage & salary income</p>	<p><u>Gross wage & salary income</u> <u>(-) Wage & salary income deduction</u> = Adjusted wage & salary income</p>	<ul style="list-style-type: none"> ○ Schedule of wage & salary income deduction (in KRW) <table border="1" data-bbox="778 884 1375 1167"> <thead> <tr> <th>Gross wage & salary</th> <th>Wage & salary income deduction (Max 20M)</th> </tr> </thead> <tbody> <tr> <td>5M of less</td> <td>Gross wage & salary × 70%</td> </tr> <tr> <td>Over 5M to 15M or less</td> <td>3.5M + (amount over 5M × 40%)</td> </tr> <tr> <td>Over 15M to 45M or less</td> <td>7.5M + (amount over 15M × 15%)</td> </tr> <tr> <td>Over 45M to 100M or less</td> <td>12M + (amount over 45M × 5%)</td> </tr> <tr> <td>Over 100M</td> <td>14.75M + (amount over 100M × 2%)</td> </tr> </tbody> </table> 	Gross wage & salary	Wage & salary income deduction (Max 20M)	5M of less	Gross wage & salary × 70%	Over 5M to 15M or less	3.5M + (amount over 5M × 40%)	Over 15M to 45M or less	7.5M + (amount over 15M × 15%)	Over 45M to 100M or less	12M + (amount over 45M × 5%)	Over 100M	14.75M + (amount over 100M × 2%)
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<p>Step 3 Tax base</p>	<p><u>Adjusted wage & salary income</u> <u>(-) Various income deductions:</u></p> <ul style="list-style-type: none"> • Personal • Pension insurance premium • Special • Others <p><u>(+) Amount exceeding the upper limit of aggregate income deduction</u> = Tax base</p>	<ul style="list-style-type: none"> ○ Personal deductions <ul style="list-style-type: none"> - Basic deduction, additional deduction ○ Deductions for pension insurance premium <ul style="list-style-type: none"> - Taxpayer's contribution to national pension, gov employees pension, etc. ○ Special and other income deductions <table border="1" data-bbox="778 1534 1375 1731"> <thead> <tr> <th>Special income deductions</th> <th>Other income deductions</th> </tr> </thead> <tbody> <tr> <td>Insurance premium</td> <td>Contributions to Employee Stock Ownership Associations</td> </tr> <tr> <td>Housing funds</td> <td>Long-term Collective Investment Securities Savings</td> </tr> <tr> <td></td> <td>Credit card spending, etc.</td> </tr> </tbody> </table> ○ Amount exceeding the upper limit of aggregate income deduction <ul style="list-style-type: none"> - If the income deductions total exceeds the upper limit of 25M, the amount in excess is added to the tax base 	Special income deductions	Other income deductions	Insurance premium	Contributions to Employee Stock Ownership Associations	Housing funds	Long-term Collective Investment Securities Savings		Credit card spending, etc.				
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<p>Step 4 Calculated tax amount</p>	<p><u>Tax base</u> <u>(×) Tax rate</u> = Calculated tax amount</p>	<table border="1"> <thead> <tr> <th>Tax base bracket</th> <th>Tax rate</th> <th>Calculated tax (in KRW)</th> </tr> </thead> <tbody> <tr> <td>14M or less</td> <td>6%</td> <td>Tax base × 6%</td> </tr> <tr> <td>Over 14M to 50M or less</td> <td>15%</td> <td>0.84M + (amount above 14M × 15%)</td> </tr> <tr> <td>Over 50M to 88M or less</td> <td>24%</td> <td>6.24M + (amount above 50M × 24%)</td> </tr> <tr> <td>Over 88M to 150M or less</td> <td>35%</td> <td>15.36M + (amount above 88M × 35%)</td> </tr> <tr> <td>Over 150M to 300M or less</td> <td>38%</td> <td>37.06M + (amount above 150M × 38%)</td> </tr> <tr> <td>Over 300M to 500M or less</td> <td>40%</td> <td>94.06M + (amount above 300M × 40%)</td> </tr> <tr> <td>Over 500M to 1B or less</td> <td>42%</td> <td>174.06M + (amount above 500M × 42%)</td> </tr> <tr> <td>Over 1B</td> <td>45%</td> <td>384.06M + (amount above 1B × 45%)</td> </tr> </tbody> </table>	Tax base bracket	Tax rate	Calculated tax (in KRW)	14M or less	6%	Tax base × 6%	Over 14M to 50M or less	15%	0.84M + (amount above 14M × 15%)	Over 50M to 88M or less	24%	6.24M + (amount above 50M × 24%)	Over 88M to 150M or less	35%	15.36M + (amount above 88M × 35%)	Over 150M to 300M or less	38%	37.06M + (amount above 150M × 38%)	Over 300M to 500M or less	40%	94.06M + (amount above 300M × 40%)	Over 500M to 1B or less	42%	174.06M + (amount above 500M × 42%)	Over 1B	45%	384.06M + (amount above 1B × 45%)
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<p>Step 5 Determined tax amount</p>	<p><u>Calculated tax amount</u> <u>(-) Tax credits</u> = Determined tax amount</p>	<p>○ Tax reduction/exemptions and credits</p> <ul style="list-style-type: none"> - Income tax reduction/exemption for new employees of SMEs: Tax credits for wage & salary income, children and pension accounts, special tax credits, monthly tax credits, taxpayer associations credits, etc. 																											
<p>Step 6 Tax payable (refundable)</p>	<p><u>Determined tax amount</u> <u>(-) Tax prepaid</u> = Tax payable (refundable)</p>	<p>○ Tax prepaid</p> <ul style="list-style-type: none"> - Monthly amount withheld from wage & salary income according to the 'simplified tax withholding schedule' or at a '19% flat rate' 																											

2. Calculation Method for Taxpayers Opting for 19% Flat Rate

<p>Step 1 Annual wage and salary income</p>	<p><u>Non-taxable income included</u></p>	<p>○ Non-taxable income</p> <ul style="list-style-type: none"> - Personal vehicle allowance (KRW 200,000/mo) - Work-related tuition support - Employer's contribution to payment of Natl Health Insurance premium & Employment Insurance premium, etc.
<p>Step 2 Determined tax amount (=Calculated tax amount)</p>	<p><u>Annual wage & salary income</u> <u>(×) 19%</u> = Determined tax amount</p>	
<p>Step 3 Tax payable (refundable)</p>	<p><u>Determined tax amount</u> <u>(-) Tax prepaid</u> = Tax payable (refundable)</p>	<p>○ Tax prepaid</p> <ul style="list-style-type: none"> - Monthly amount withheld from wage & salary income according to the 'simplified tax withholding schedule' or at a '19% flat rate'

Example: Basic Tax Rate vs 19% Flat Tax Rate

< Basic information >

- Danny worked for ABC Company in 2024 and earned income as follows:
 - Annual wage & salary income: 200M won (including non-taxable income of 50M won)
- Family relations: Taxpayer (Danny, aged 36), Spouse (Jin, aged 38)_
 - *Jin makes not more than 1M won in annual income, and is a dependent for whom the taxpayer can claim basic deduction.
- Expenditures
 - National Pension contribution ₩2,500,000
 - National Health Insurance premium: ₩1,500,000
- Tax prepaid: ₩44,334,000

Calculation Based on Basic Rate		Calculation Based on 19% Flat Rate	
Annual wage & salary income	₩200,000,000	Annual wage & salary income	₩200,000,000
Non-taxable income	5,000,000		
Gross wage & salary income	₩195,000,000		
Deduction for wage & salary income	16,650,000		
Adjusted wage & salary income	₩ 178,350,000		
Personal deduction (Basic deduction)	3,000,000		
Pension contribution deduction	2,500,000		
Special income deduction (Natl Health Insurance premium)	1,500,000		
Tax base	₩ 171,350,000		
Calculated income tax (Basic income tax rate)	₩ 45,173,000		
Tax credit for wage & salary income	200,000		
Determined tax amount	₩ 44,973,000	Determined tax amount	₩ 38,000,000
Tax prepaid	(-) 44,334,000	Tax prepaid	(-) 44,334,000
Tax due	₩ 639,000	Tax due	₩ -6,334,000

Special Taxation System for Foreigners Leaflet

「외국인을 위한」 유용한 과세특례 제도

● 외국인 기술자에 대한 과세특례 제도 (조세특례제한법 §18)

- (규정) 요건을 갖춘 외국인 기술자의 근로소득에 대하여 소득세 50% 감면
 - * ① 양자(가맹국)의 도입액(30만달러) 이상에 의하여 국내에서 기술을 제공 하는 자 또는 ② ③항에 등 학사 이상 소지자로서 해외 연구기관에서 5년 이상 근무 후 국내(가)업 부설 연구소 등에서 연구원으로 근무하는 자
- (적용기간) 국내에서 최초로 근로 제공한 날부터 10년 동안
- (적용 제외) 외국인 기술자가 특수관계기업에게 근로를 제공하는 경우
 - * 외국인 기술자 본인과 그 친족이 회사 지분 30% 이상 보유한 경우 등
- (적용방법) 「외국인 기술자의 근로소득세 감면신청서」를 회사에 제출

● 외국인 근로자에 대한 과세특례 제도 (조세특례제한법 §18(2))

- (규정) 외국인근로자의 총급여에 19%(단일세율)를 공한 금액을 납부
 - * 단일세율과 종합소득세(가산세율) 중 유리한 것을 선택해서 적용가능
- (적용 대상) 모든 외국인 근로자(비 거주자 포함, 일용근로자 제외)
- (대입기간) 국내에서 처음 사용한 해당(해당)에 대한 입국 국적 보유 재외국민 X
- (적용기간) 국내에서 최초로 근로 제공한 날부터 20년 동안
 - * 기존 국적이탈 후 14.1.1. 이전부터 근무 시에도 14.1.1.을 최초 근로로 봄
- (특이사항) 스페셜임십 비자세, 공제, 세액공제, 세액공제는 적용 불가
- (적용 제외) 외국인 근로자가 특수관계기업에게 근로를 제공하는 경우
 - * 외국인 근로자 본인과 그 친족이 회사 지분 30% 이상 보유한 경우 등
- (적용방법) 「외국인 근로자 단일세율 적용신청서」를 회사에 제출

● 외국인 교직자에 대한 면세 제도 (조세특례제한법 §18(2))

- (규정) 대한민국이 체결한 조세조약상 교사(교수) 면제조항이 있는 국가의 원인이 교사가 대학 등 인가된 교육기관에 초·중·고등학교 2년 또는 3년 초과 하지 않는 기간 동안 강의·연구 관련 소득에 대하여 소득세 100% 면제
- (적용방법) 「비과세 면제 신청서」를 소득을 지급하는 자에게 제출
 - * 거주지 증명서, 고용계약서 사본, 기타 비과세 면제 근거서류 사본 첨부
- (확인방법) 국세청홈페이지(taxlaw.rts.go.kr) → 「법령」 → 「조세조약」

구분	해당 조약
면제조항 없음	노르웨이, 스웨덴, 싱가포르, 캐나다, 홍콩 등 16개국
2년간 면제	미국, 베트남, 스웨덴, 일본 등 74개국
3년간 면제	조지아, 중국, 카타르, 타지키스탄 4개국
면제기간 제한 없음	알바니아, 헝가리 2개국

* 관련법 및 조약을 통해 구체적인 적용 요건을 반드시 확인하시길 바랍니다.

「외국인을 위한」 유용한 과세특례 제도

Special Taxation System 「for Foreigners」

「为外国人提供的」 有用的税收特例制度

Cơ chế thuế ngoại lệ hữu ích cho 「Người nước ngoài」

국세 관련 모든 상담은 국번 없이 126
전국 어디서나 편리하게 상담받으세요

국세청
National Tax Service

Special Taxation System 「for Foreigners」

**● Income Tax Reduction for Foreign Engineers
(Act on Restriction on Special Cases Concerning Taxation §18)**

(Provision) A foreign engineer who meets the eligibility requirements is granted 50% income tax reduction on their earned income.

* To qualify, a foreign engineer must meet one of the following conditions:

- The individual provides services in Korea under an engineering technology license agreement with a contract value of USD 300,000 or more.
- The individual is employed as a researcher in Korea, such as at a research institute affiliated with a Korean company, holds a bachelor's or higher degree in the natural or engineering sciences, and has at least five years of work experience as a foreign research institute prior to working in Korea.

(Applicable Period) A period of ten years starting from the date the individual began working in Korea.

(Exclusion Criteria) The tax reduction is not available to a foreign engineer employed by a company with which he or she has a special relationship.

* One of the criteria for determining a special relationship is if the foreign engineer and/or his relatives own 30% or more of the company's equity shares.

(What to Do) Eligible foreign engineers must submit to their employer an "Application Form for Income Tax Reduction on Foreign Engineers' Earned Income."

* Be sure to check the provisions of the Act for specific requirements.

**● Special Taxation for Foreign Workers
(Act on Restriction on Special Cases Concerning Taxation §18-2)**

(Provision) Foreign workers working in Korea may elect to pay income tax at a flat tax rate of 19% applied to their total salary.

* Taxpayers may choose between the 19% flat rate and the comprehensive income tax rate (basic tax rate).

(Eligible Taxpayers) All foreign workers, including non-residents but excluding daily workers.

* To qualify, the taxpayer must get their income certificate by the national residency overseas as not eligible.

(Applicable Period) Twenty months starting from the date the individual began working in Korea.

* For those who started working in Korea before 1 January 2016, the twenty-year period is counted from 1 January 2016, regardless of their actual commencement date in Korea.

(Exclusion Criteria) The special taxation is not available to a foreign employee working at a company with which he or she has a special relationship.

* One of the criteria for determining a special relationship is if the foreign employee and/or his relatives own 30% or more of the company's equity shares.

(What to Do) Eligible foreign employees must submit the form titled "Application of Flat Tax Rate for Foreign Workers" to their employer.

* Be sure to check the provisions of the Act for specific requirements.

**● Tax Exemption for Foreign Teachers
(Exemptions Granted Under Tax Treaty Provisions)**

(Provision) A teacher who is a native speaker of a foreign language and is from a jurisdiction that has a tax treaty with Korea including a tax exemption clause for teachers/professors, and who has been invited by an accredited educational institution, such as a university, to teach or conduct research, may qualify for a 100% tax exemption on income derived from teaching and research for a period of three specified in the tax treaty.

(What to Do) To claim the tax exemption, eligible foreign teachers must submit the form "Application for Non-Resident's Tax Exemption."

* The application must be accompanied by supporting documents, such as:

- Certificate of Residency.
- A copy of the employment contract.
- Copies of other documents concerning eligibility for the tax exemption.

(Where to File) Tax Treaties Visit the National Tax Law Information System at taxlaw.rts.go.kr: Go to "Statutes" → "Tax Treaties."

Exemption Clause Tax Treaty Partners

Exemption Clause	Tax Treaty Partners
- 100% exemption	18 jurisdictions including Norway, Sweden, Singapore and Hong Kong
- 50% exemption	74 jurisdictions including US, Vietnam, Japan and Korea
- 3-year exemption	4 jurisdictions including Georgia, China, Qatar, Pakistan
- No tax period	2 jurisdictions including Albania and Hungary

* Be sure to check the provisions of the Act for specific requirements.

「为外国人提供的」 有用的税收特例制度

**● 针对外国技术人员适用的税收特例制度
(所得税特例法 §18)**

(规定) 对符合条件的外国技术人员的劳动所得，减免50%的所得税

- (适用对象) ①通过工程技术(价值30万美元以上)在韩国国内提供技术的人员，或 ②持有理工科学士学位以上，并在海外研究机构工作5年后，在韩国国内企业附属研究所等地作为研究人员工作的人员
- (适用期间) 从首次在韩国国内提供劳动之日起10年内
- (不适用情况) 当外国技术人员向关联企业企业提供劳动的情况
- (外国技术人员本人及其亲属持有公司股份30%以上等情况)
- (申请方法) 向所在公司提交「外国技术人员劳动所得减免申请书」

**● 针对外国劳动者适用的税收特例制度
(所得税特例法 §18-2)**

(规定) 按外国劳动者的总工资乘以19%(单一税率)后的金额缴纳

- (适用对象) 所有外国人「劳动者(包括非居民)」(但不包含日新劳动者)
- (适用对象) 仅限于无韩国国籍的人(例如:持有韩国护照的外国公民不适用)
- (适用期间) 从首次在韩国国内提供劳动之日起20年内
- (不适用情况) 当外国劳动者向关联企业提供劳动的情况
- (当外国劳动者本人及其亲属持有公司股份30%以上等情况)
- (申请方法) 向所在公司提交「外国劳动者单一税率适用申请书」

**● 针对外国人教育工作者的免税制度
(所得税法中的教师免税条款)**

(规定) 与韩国签订税收协定中有教师(教授)免税条款的国家的原籍国教师，被邀请到大学等被认可教育机构工作的，在不超过2年(或3年)的时间内，其讲课和研究相关收入可享受100%免税

- (申请方法) 为享受免税待遇，必须向收入支付机构提交「免税·豁免申请书」
- *附上原籍证明、雇佣合同副本、其他免税·豁免相关文件副本

(申报方法) 国际综合信息系統(taxlaw.rts.go.kr) → 「法令」 → 「税收协定」

分期	相关协定
无免税条款	挪威、瑞典、新加坡、加拿大、香港等 15个国家
2年免税	美国、越南、日本等 74个国家
3年免税	格鲁吉亚、中国、卡塔尔、巴基斯坦 4个国家
无免税期限限制	阿尔巴尼亚、匈牙利 2个国家

* 请务必通过相关法律法规的确认具体适用要求。

Cơ chế thuế ngoại lệ hữu ích cho 「Người nước ngoài」

**● Cơ chế thuế ngoại lệ dành cho chuyên gia kỹ thuật người nước ngoài
(Điều 18, Luật Kiểm soát Cơ chế Quản lý Thuế ngoại lệ (조세특례제한법))**

(Quy định) Miễn giảm 50% thuế thu nhập cá nhân đối với phần thu nhập từ tiền công, tiền lương của chuyên gia kỹ thuật người nước ngoài* có điều kiện

* Điều kiện: ① cung cấp dịch vụ kỹ thuật theo hợp đồng công tác kỹ thuật trị giá 300.000 USD trở lên hoặc ② người có học vị cử nhân trở lên lĩnh khoa học, kỹ thuật hoặc kỹ thuật có bằng cấp, đã có trên 5 năm làm nghiên cứu viên tại cơ quan nghiên cứu nước ngoài liên quan làm việc với lĩnh vực công nghệ và kỹ thuật công nghiệp của nước Hàn Quốc

(Thời gian áp dụng quy định) Trong vòng 10 năm kể từ ngày bắt đầu lao động ở Hàn Quốc

(Không áp dụng quy định) ① trường hợp chuyên gia kỹ thuật người nước ngoài làm việc cho doanh nghiệp có quan hệ liên kết**

** Trường hợp các chủ sở hữu có liên quan của người nước ngoài và người nước trong địa phương có liên quan có phần công ty 30% trở lên v.v.

(Phương thức áp dụng quy định) nộp TTĐ khai xin miễn giảm thuế thu nhập cá nhân cho chuyên gia kỹ thuật nước ngoài thông qua công ty

**● Cơ chế thuế ngoại lệ dành cho lao động nước ngoài
(Điều 2, Điều 18, Luật Kiểm soát Cơ chế Quản lý Thuế ngoại lệ (조세특례제한법))**

(Quy định) nộp tiền thuế bằng 19% (mức thuế suất duy nhất*) trên tổng thu nhập chịu thuế của người lao động nước ngoài

* Người lao động có thể lựa chọn áp dụng thuế suất với lệ hoãn thuế suất đối nội và thuế suất thông thường tính trên thu nhập chịu thuế

(Đối tượng áp dụng quy định) Tất cả người nước ngoài* (bao gồm cả người lao động không thuộc đối tượng cư trú, ngoại trừ người lao động làm việc thời vụ theo giấy) ① chỉ áp dụng với người không mang quốc tịch Hàn Quốc ② chỉ áp dụng cho người sống tại nước ngoài ở quốc tế Hàn Quốc

(Thời gian áp dụng quy định) Trong vòng 20 năm tính từ ngày bắt đầu làm việc tại Hàn Quốc

* Trường hợp người lao động có liên quan của nước Hàn Quốc ① các chủ sở hữu liên quan của người nước ngoài và người nước trong địa phương có liên quan có phần công ty 30% trở lên v.v.

(Không áp dụng quy định) ① trường hợp người lao động nước ngoài làm việc cho doanh nghiệp có quan hệ liên kết**

** Trường hợp bản thân người lao động nước ngoài và người nước trong địa phương có liên quan có phần công ty 30% trở lên v.v.

(Phương thức áp dụng quy định) nộp TTĐ khai xin áp dụng thuế suất đối nội nhất cho người lao động nước ngoài thông qua công ty

**● Cơ chế miễn thuế đối với giáo viên người nước ngoài
(Điều khoản miễn thuế cho giáo viên trong Hiệp định thuế)**

(Quy định) Giáo viên bản ngữ là công dân của quốc gia có ký hiệp định thuế với Hàn Quốc có bao gồm điều khoản miễn thuế cho giáo viên giảng dạy, được mời làm việc bởi Trường đại học hoặc các cơ sở giáo dục được cấp phép thì được miễn thuế 100% đối với khoản thu nhập từ giảng dạy và nghiên cứu trong thời gian không quá 2 năm (hoặc 3 năm)

(Lưu ý) Không được áp dụng quy định, phải nộp đơn xin miễn thuế hoặc miễn thuế cho người cung cấp thu nhập

* Người làm sao phải có một số tài liệu sau đây để nộp đơn xin miễn thuế cá nhân dịch vụ: ① bằng chứng tình hình thuế cá nhân của quốc gia có ký hiệp định thuế với Hàn Quốc ② Văn bản pháp lý (nguyên) - Hiệp định thuế (34.2.3.3)

Phạm loại	Miễn giảm thuế
Không có điều khoản miễn thuế	15 nước gồm Mỹ, Úc, Tây Ban Nha, Singapore, Hồng Kông
Miễn thuế 2 năm	74 nước gồm Mỹ, Việt Nam, Nhật Bản, Hàn Quốc, Nhật Bản
Miễn thuế 3 năm	4 nước gồm Georgia, Trung Quốc, Qatar, Pakistan
Không giới hạn thời gian miễn thuế	2 nước gồm Albania và Hungary

* Vui lòng kiểm tra các yêu cầu áp dụng cụ thể thông qua luật và hiệp ước có liên quan.

1 I am a foreign national earning salary in Korea. What is the year-end tax settlement? As far as I know, my employer already pays my taxes each month.

- The year-end tax settlement is the process by which the withholding agent (your employer) finalizes the income tax amount an employee is required to pay for the tax year.
 - The final tax amount payable is determined based on the income you earned during the tax year and the deductions and credits claimed in your return.
- Once the final tax amount is determined through the year-end tax settlement process, it is compared against the aggregate of tax withheld by your employer each month. If the sum withheld exceeds the final tax amount, the amount in excess will be refunded to you (added to your salary). If, on the other hand, the withheld amount is less than the final tax amount, you will be required to pay the difference (deducted from your salary).

※ Relevant provisions: Income Tax Act Articles 134 and 137.

2 If I leave the company in the middle of the year, how do I do the year-end tax settlement?

- If an employee resigns during the year, the withholding agent (employer) will perform the tax settlement and collect the tax due when the payment is made for the employee's salary of the final month with the company.
- Therefore, if you are leaving the company in the middle of the year, you must submit to your employer the report of income deduction and tax credit with supporting documents before receiving your last month salary.

※ Relevant provision: Income Tax Act Article 137.

3

If a foreign national who is a resident of Korea has income from work performed in another country, should this be combined with income earned in Korea for year-end tax settlement?

- Foreign nationals who are residents of Korea are, in principle, required to combine all income earned in Korea and elsewhere for the year for year-end tax settlement.
 - However, if the foreign national who is a resident of Korea has maintained a domicile or residence in the country for a total of 5 years or less within the 10 years preceding the end of the tax year, only the portion of foreign source income that is either paid in Korea or remitted to Korea needs to be included in the year-end tax settlement.
- ※ Relevant provisions: Income Tax Act Articles 3 and 20.

4

If the taxpayer choose the flat tax rate of 19%, are the employer' s contributions to National Health Insurance and Employment Insurance treated as taxable income?

- For foreign workers who opt for the flat tax rate, the legal provisions governing income tax benefits, such as tax exemptions/reductions, income deductions and tax credits no longer apply. Therefore, the employer-paid contributions to National Health Insurance and Employment Insurance, which are non-taxable under the Income Tax Act is treated as taxable income when the flat rate is chosen.
- ※ Relevant provisions: Act on Restriction on Special Cases Concerning Taxation Article 18-2 and Income Tax Act Article 12-3

5

The period for which the flat tax rate of 19% can be applied has been extended from 5 years to 20 years. When does this rule take effect?

- This rule applies to income generated on or after January 1, 2023, which means that it may be applied for the year-end tax settlement for the 2024 tax year.
- ※ Relevant provisions and tax rulings: Act on Restriction on Special Cases Concerning Taxation Article 18-2, Written-2023-International Tax Base-1002, 2023.06.09.

6

When applying the revised rule extending the flat rate applicability to 20 years, how do we set the reference date from which the period is counted, currently defined as “the first day of working in Korea” ?

- The first day of working in Korea is January 1, 2014 for foreign workers who began working in Korea on or before that date. However, for those who had left Korea before 2013 and returned and began to work in Korea again in 2014 or after, it will be the first day of working in Korea since their first return to the country after January 1, 2014.
- ※ Relevant tax ruling: Income Tax Policy Division of Ministry of Economy and Finance-135, 2023.02.21.

7

Is it always better for the taxpayer to opt for the flat tax rate (19%)?

- The flat tax rate is a special tax system offered on a limited basis to foreign workers who comply with their tax obligations. It is difficult to say as a rule that the flat tax rate is either advantageous or disadvantageous, as tax liability will vary

depending on the individual's tax base and the deductions and credits he/she is qualified to claim,

- Therefore, foreign workers are advised to use the Year-End Tax Simplification Service and get an estimate of tax liability to make an informed choice of tax rate.

8

Can I claim a deduction for medical expenses incurred for treatment received and paid for overseas?

- No, medical expenses incurred at healthcare institutions outside Korea are non-deductible.
- ※ Relevant provisions: Income Tax Act Article 59-4 (2) and Enforcement Decree of Income Tax Act Article 118-5 (1)

9

Is my credit card spending overseas deductible?

- No, credit card spending outside Korea is not deductible.
- ※ Relevant provision: Act on Restriction on Special Cases Concerning Taxation Article 126-2 (1)

10

Can a foreign worker employed in Korea claim a deduction for education expenses paid for a child attending school abroad?

- No, education expenses paid by a foreign resident of Korea for a child attending school overseas are not deductible.
- ※ Relevant provisions: Income Tax Act Article 59-4 (3) and Enforcement Decree of Income Tax Act Article 118-6 (4) and (5)

11

Can a foreign resident of Korea claim the basic deduction for a spouse who resides in their home country? If it is possible, what supporting documents must be submitted?

- Even if the spouse does not reside with the taxpayer in Korea, the taxpayer in the above scenario may claim the basic deduction if the spouse's annual income is 1M won or less. To do so, the taxpayer needs to submit a document that proves the spousal relationship—e.g. a certificate of family relationship, a marriage certificate, or similar documents issued by the other jurisdiction—as well as certificate of the spouse's income issued by a relevant foreign authority.

※ Relevant provision: Income Tax Act Article 50

12 Can a foreign resident of Korea claim the basic deduction for direct ascendants residing in their home country? If so, what supporting documents must be submitted?

- A foreign resident of Korea can claim the basic deduction for direct ascendants who are his/her dependents residing in their home country. To do so, the following documents must be submitted: proof of relationship with the direct ascendants, such as a family registry document issued under the relevant foreign law, a certificate from the competent foreign authority verifying the ascendant's income, and an evidence of actual support being provided to the direct ascendant—e.g. records showing remittance of living expenses).

※ Relevant provision and tax ruling: Income Tax Act Article 50, Income Tax Policy Division of Ministry of Economy and Finance-84(2010.2.10.)

13 What requirements should foreign teachers meet to qualify for income tax exemption?

- Tax exemption eligibility requirements vary by country with which a tax treaty has been concluded. Therefore, taxpayers need to review the tax treaty between Korea and the country of

their residence for specific requirements. To find the relevant tax treaty, visit the National Tax Law Information System at taxlaw.nts.go.kr. Hover over the **Statutes** tab in the navigation menu, then select **Tax Treaties**.

- For example, if you are a US resident, you must meet the following conditions to qualify for income tax exemption on your salary:
 - Invited to work in Korea by a central government body, a local government body, or an accredited educational institution
 - ※ Foreign teachers invited to work in Korea by private language academies or English camps operating in English Villages do not qualify.
 - Term of invitation must not exceed 2 years.
 - ※ Applicable Treaty: Korea-US Tax Treaty Article 20 (1)
 - Purpose of invitation must be to have the person teach or do research at a university or an accredited educational institution
 - The primary purpose of visit must be to teach or to do research at a university or an accredited educational institution
 - ※ Foreign nationals who entered Korea for purposes other than the above do not qualify for income tax exception.