SWITZERLAND GLOBAL ENTERPRISE

Republic of Korea
Legal Provisions

Compiled by

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GENERAL REMARKS

The Republic of Korea (ROK) - also referred to as Korea or South Korea - is a constitutional, democratic republic with a presidential system. The government is divided into three branches: executive, judicial and legislative. The 17 local governments are semi-autonomous and contain executive and legislative bodies of their own.

South Korea and Switzerland have bilateral agreements like the Free Trade Agreement between EFTA and ROK (2006), the Avoidance of Double Taxation Agreement (1980), the Korean-Swiss science and Technology Agreement (2008), but also several bilateral treaties on social security, intellectual property, etc. For more information, visit the website of the Federal Department of Foreign Affairs of Switzerland.

In 2013, South Korea and Switzerland have celebrated the 50th anniversary of bilateral relations between the two countries and the 60th anniversary of the Swiss Neutral Nations Supervisory Commission (NNSC) in South Korea, which was created pursuant to the ceasefire agreement of 1953. In the absence of a peace agreement, this is the only legal instrument to date preventing further outbreaks of hostilities on the Korean peninsula.

COVID-19 UPDATE

The current COVID-19 situation hampers business travels to South Korea that are linked with mandatory quarantine measures for all entrants to Korea. Please consult the Swiss Business Hub Korea before organizing a business trip to Korea and regularly visit the website of the Swiss Embassy in Seoul that provides latest updates on travel requirements of South Korea and Switzerland.

FREE-TRADE AGREEMENTS

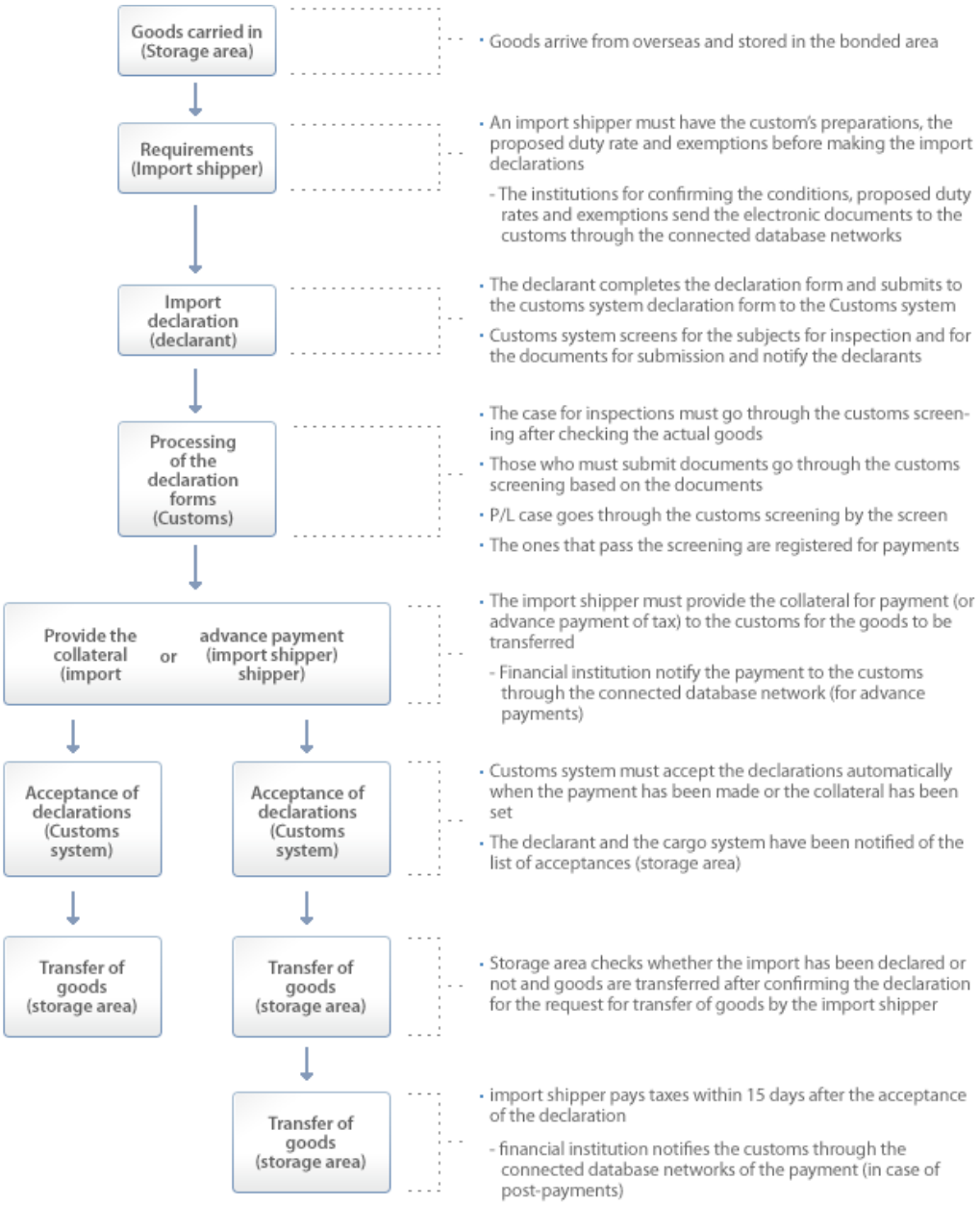
South Korea has signed the Free Trade Agreements with a total of 56 countries: Chile, Singapore, EFTA (4 countries), ASEAN (10 countries), India, EU (28 countries), Peru, USA, Turkey, Australia, Canada, China, New Zealand, Vietnam, Columbia and UK. These markets account for more than 73.4% of the world population and for 77.3% of the global GDP 67.8% of the South Korean trade covered through FTAs.

The free trade negotiations between the European Free Trade Association (EFTA) - Iceland, Norway, Liechtenstein and Switzerland - and South Korea were launched by ministers of the both parties in December 2004. The Agreement was signed in December 2005 and entered into force on September

1, 2006. It covers all major areas of trade relations including trade in goods, trade in services, government procurement, competition and intellectual property. It also contains a chapter on dispute settlement. Switzerland and South Korea also concluded bilateral agreements on basic agricultural products, and South Korea concluded an agreement on investment with Switzerland, Iceland, and Liechtenstein. For legal provisions, please refer to the EFTA website. For tariff rates under ROK-EFTA FTA, please check the database of Korea Customs Services (KCS), using the HS code of your product.

CUSTOMS

All goods being imported from foreign countries can be brought into South Korea if the customs duties were paid in advance. The entire customs process is portrayed as below.



Customs duties are calculated by multiplying the tax base of the tariff tax base (either the value of the imported goods or the quantity) by the tariff rate. The tariff rate is provided on the tariff rate table by the group of items. As the tax rate applies to each HS Number corresponding to an item or a group of items, the tariff is affected by the decision on which value should be regarded as the taxable value or how the taxable value is decided. If the value is the tax base of the tariff, it is an “ad valorem duty” and if the

quantity is tax based, it is a “specific commercial duty.” The value, which is the tax base of the ad valorem duty, is called the “taxable value.” South Korean customs valuations on taxable values reflect the relevant provisions of the WTO Valuation Agreement and have the same principals of the international tariff valuation. The KCS offers more information on its website.

IMPORT AND EXPORT REGULATIONS

The Ministry of Food and Drug Safety (MFDS) is the authority which is in charge of safety and registration of cosmetics, food, medicines.

To safeguard public health and safety, South Korea requires certain consumer products, children’s goods, and electronic products to be certified in the form of a Korea Certification (KC) Mark from authorized testing centers before they can be sold in South Korea. Some items or products that are subject to legal compulsory certification are specified in related laws and ordinances pertaining to safety, health, environment and quality. The final product testing is the basic principle and the marking shall be located at a conspicuous place on the product or packaging by printing or engraving in a non-removable way. It is basically impossible to replace the KC mark by the European Conformity (CE) mark. For more information on the KC mark, go to website of the Korean Agency for Technology and Standards (KATS).

The FTA partner country applies preferential tariff treatment to the products, provided that the products fulfill preference criterion set out in the Agreement and Certificate of Origin for the products specified in the Agreement is prepared also. For more information, visit the KCS website.

Practical laws and regulations for import & export can be found here.

TAXES

In South Korea, taxes are classified according to tax-levying government authorities, purpose of tax and income based tax levy, etc.

National Tax	**Internal tax**	Income tax, corporate tax, inheritance tax, gift tax, gross real estate tax, value added tax, individual consumption tax, liquor tax, transportation, energy and environmental tax, stamp tax, securities transaction tax, education tax, farming and fishing village special tax
	Customs duty	Customs duty
Local Tax	Acquisition tax, registration and license tax, leisure tax, tobacco consumption tax, local consumption tax, resident tax, local income tax, property tax, automobiles tax, common facilities tax, local education tax	

Source: www.investkorea.org

Corporate Tax

Domestic businesses are obligated to pay corporate tax for all income generated domestically and in foreign countries, and foreign businesses are obligated to pay corporate tax for income from domestic sources.

Taxation is based on the business year income. Since most foreign investors are companies and thus liable to pay it, corporate tax takes up the largest portion of the total taxes related to foreign investment. Under the tax agreement, only the income from a permanent establishment of a foreign company is taxable. Permanent establishments here refer to branches, warehouses, stores, or other establishments for installment or construction projects. A company which has the right to enter into contracts or which conducts its business and trade through an agent who on behalf of the company buys or sells its stocks is also subject to tax.

There are three types of taxable income falling under the corporation tax category: income of each business year, liquidation income, and capital gains from the transfer of property. Income of each business year is calculated by deducting the total amount of deductible expenses from the total amount of gross income. Liquidation income refers to the residual property value of a dissolved (merged or divided) corporation exceeding the total amount of equity capital. In cases where transferring property, specific houses, or non-business land in areas where land values have skyrocketed, taxes are imposed on margin from transfer for the purpose of suppressing speculation. Corporate tax on capital gains from the transfer of land, etc. and corporate tax on income of each business year overlap as double taxation.

Tax Base	Tax Rate
Less than KRW 200 million	10% of the tax base
More than KRW 200 million	KRW 20 million + 20% of the amount in exceeding KRW 200 million
More than KRW 20 billion	KRW 3.98 billion + 22% of the amount exceeding KRW 20 billion
More than KRW 300 billion	KRW 65.58 billion + 25% of the amount exceeding KRW 300 billion

Source: www.investkorea.org

It should be noted that the top taxation standard of corporate tax has been revised in 2018 so that the rate on companies' taxable income exceeds KRW 300 billion increased to 25 % from 22 %.

Local tax is imposed by local governments on its residents, property or profit, or specific activities in the area under the jurisdiction, as prescribed by the Local Tax Act. Corporate local income tax equivalent to approximately 10 % of the corporate tax is imposed additionally.

FOREIGN DIRECT INVESTMENT

Foreign Direct Investment (FDI) refers to foreigners' acquisition of the stocks or shares of a South Korean company in order to build lasting economic relations, and generally involves participation in management or technology transfer. The amount of foreigners' investment should be at least KRW 100 million or more and the investor should own at least 10% of either the total number of voting stocks issued by Korean corporations or companies or its total equity investment. If the investor owns less than 10% of the voting stocks or its total equity investment, the investor must dispatch or appoint an executive to the Korean company in which the investment is being made.

According to the Foreign Investment Promotion Act, there are many of FDI Incentives such as tax support, cash grants, and industrial site support. Except as otherwise prescribed by the Acts and Laws, any foreigner may conduct business without restraint the Korea. However, there are prohibited and restricted business categories of FDA. For more information, visit Invest Korea or KOTRA.

Types	Business category
Prohibited Business categories	- Postal services, central banking, individual mutual aid organizations, pension funding, financial market administration, activities auxiliary to financial, services activities, etc. - Legislative, judiciary, administrative bodies, foreign embassies, extra- territorial organizations and bodies - Education (pre-primary, primary, secondary, higher education, universities, graduate schools, schools for people with disabilities, etc.)

Types	Business category	
	- Artistic, religious, business, professional, environmental advocacy, political, and labour organizations, etc.	
Restriected Business Catgories	Not-opened	Nuclear power generation, radio broadcasting, over-the-air-air broadcasting.
	Permitted where the Foreign Investment Ratio is less than 50%	Livestock farming, meat wholesale, transmission and distribution of electric power, trade of electricity, coastal water passenger/freight transport, passenger/freight air transport, publication of magazines and periodicals, etc.
	Permitted where the Foreign Investment Ratio is 49% or less	Program distribution, cable networks, broadcasting via satellite and other forms of broadcasting, wire/wireless and satellite communications and other electronic communications.
	Permitted where the Foreign Investment Ratio is 30% or less	Hydroelectric power/fire power/solar and sunlight power and other power generation.
	Permitted where the Foreign Investment Ratio is less than 25%	News agency business.
	Partially Permitted	Growing of cereals and other food crops, manufacture of other basic inorganic chemicals, manufacture of other smelting refining and alloys of non-ferrous metals, disposal of radioactive waste, domestic commercial bank except the National Agricultural Cooperative Foundation and the National Federation of Fisheries Cooperative (finance)

Source: www.kotra.or.kr

COMPANY ESTABLISHMENT

There are three types of a foreigner's advancement into South Korea for the purpose of operating business: the establishment of foreign-invested company, a local branch or a liaison office in South Korea by a foreign corporation.

A Foreign-Invested Company under the Foreign Investment Promotion Act

Establishment of a local corporation in South Korea by a foreign national or a foreign corporation is regulated by the Foreign Investment Promotion Act (FIPA) and the Commercial Act. A foreigner shall invest not less than KRW 100 million for the local corporation concerned to be recognized as foreign investment under the FIPA.

Private business established by a foreigner with the investment of not less than KRW 100 million is also recognized as foreign investment under the FIPA. (If an investee corporation is a private business, the company cannot issue a business investment D-8 visa. A trade D-9 visa shall be issued if it invests KRW 300 million or more.)

The FIPA also regulates ‘Foreign Direct Investment (FDI),’ which are foreign investors invest at least KRW 100 million to obtain more than 10% of local stocks, or foreign-invested companies to introduce long-term loans of over 5 years from overseas parent companies.

There are following FDI incentives

- Guaranteed overseas wire transfer / remittance: in case of companies registered as FDI companies, overseas wire transfer / remittance of profit dividend, liquidated amount, sales number of shares, etc., other principal, interest, and commissions among others is guaranteed.
- Tax support: South Korean government and local governments offer tax discounts for corporate tax / income tax, local tax, and custom duty and tariff in accordance with the relevant laws and conditions.
- Visa and stay in the country: For FDI companies, their officers and employees can receive D-8 visas and thereby freely enter, leave, and stay in the country.

For more information, go to www.fdiservice.com.

Domestic Branch and Liaison Office of a Non-resident under the Foreign Exchange Transaction Act.

A 'branch' of a non-resident (a foreign company etc.) operates business that generates profits in South Korea, and is not recognized as foreign direct investment.

A 'liaison office' does not carry out business that generates profits in South Korea, but instead undertakes a non-sales function such as market research, R&D etc. An 'office' is granted a distinct number, equivalent to business registration, at a jurisdictional tax office in South Korea without the need for registration, which is different from a 'branch.'

Comparison of Foreign-invested Company, Domestic Branch, and Liaison Office

Category	Foreign-Invested Compay	Domestic Branch	Liaison Office
Governing law	Foreign Investment Promotion Act	Foreign Exchange Transaction Act	Foreign Exchange Transaction Act
Type of corporation	Domestic	Foreign	Foreign
Recognized as FDI	Yes	No	No
Company name	No restrictions	Must be identical to that of headquarters	Must be identical to that of headquarters
Scope of business activities	No restrictions with in the permitted scope	Restricted to same activities as headquarters, within the permitted scope	Not permitted to generate profit, only for the purpose of establishing business contacts
Minimum investment amount	KRW 100 million	No restrictions	No restrictions
Independence	Separated from headquarters	Subordinated to headquarters	Subordinated to headquarters
Loans in Korea	Possible depending on credit rating of the domestic corporation	Almost impossible	Impossible

Category	Foreign-Invested Compay	Domestic Branch	Liaison Office
Establishment procedures	1.FDI notification 2.Remittance of investment funds 3.Registration of incorporation 4.Business registration 5.Registration of foreign-invested company	1.Notification of domestic branch establishment 2.Registration of incorporation 3.Business registration	1.Notification of domestic branch establishment 2.Registration of identification number
Accounting and taxation	Obligation of bookkeeping according To Korean Accepted Accounting Principle and external audit for certain conditions	Obligation of bookkeeping according to Korean Accepted Accounting Principle,but no obligation of external audit	No bookkeeping obligation
Corporate tax rate	Tax obligation (refer page 4~5)	Tax obligation(refer page 4~5)	No tax obligation
Taxable income	Total income based on all profit made by the domestic corporation	Total income based on all profit made by the domestic corporation. Branch tax payment occurs in some countries.	No taxable income
Tax benefits	Tax benefits for foreign-invested company and small and middle-sized business according to the Restriction of Special Taxation Act	No benefits	No benefits

Source: www.investkorea.org

FREE ECONOMIC ZONES

Korean Free Economic Zones (KFEZ) are specially assigned areas created to advance the business and environment for foreign-invested companies in South Korea. Since the 2003 inauguration of KFEZ in Incheon, the number of KFEZs in operation has grown to 8: Incheon, Busan-Jinhae, Gwangyang Bay Area, Daegu-Gyeongbuk, Saemangeum-Gunsan, Yellow Sea, East Coast and Chungbuk.

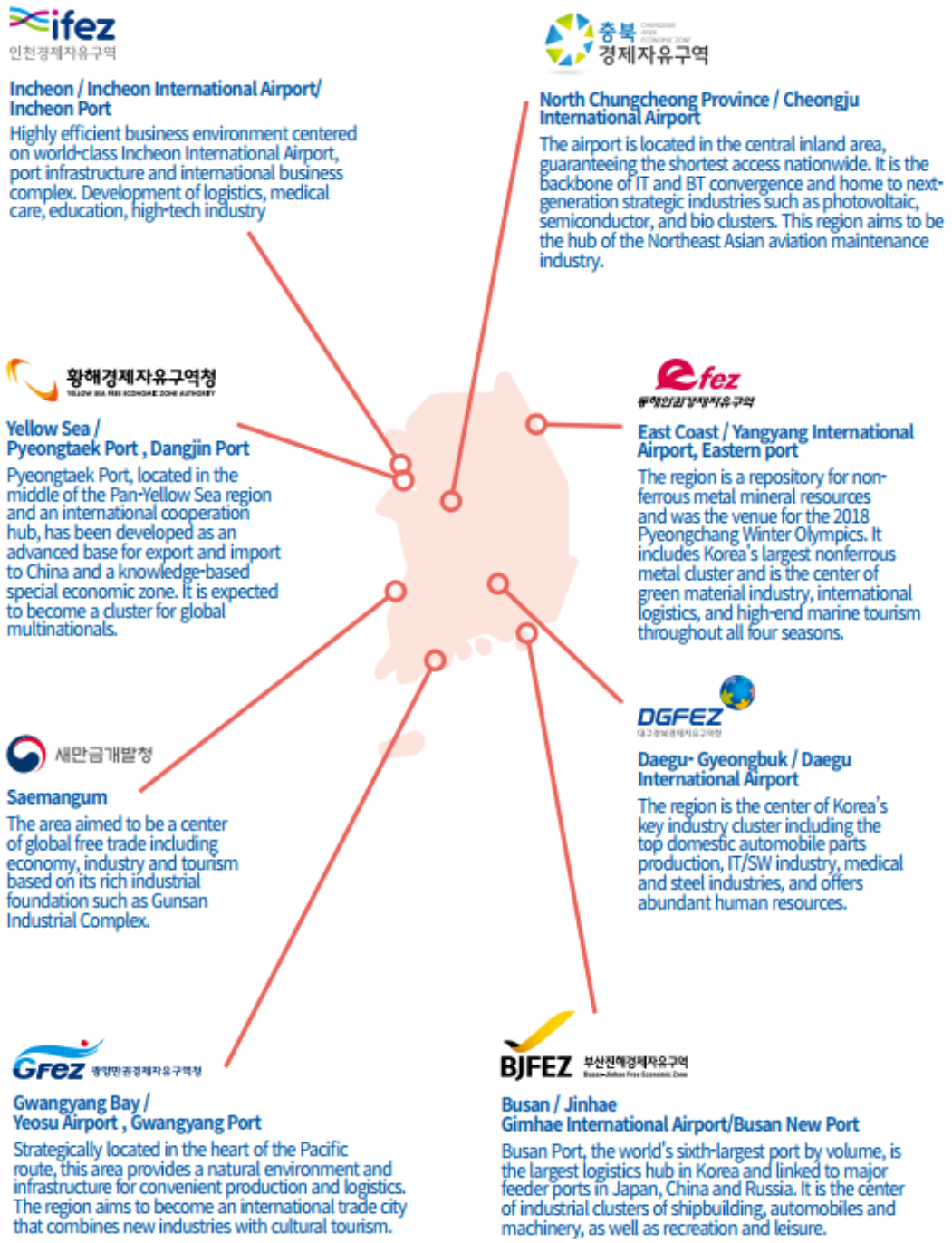
Based on the Special Act on Designation and Management of FEZs and Restriction of Special Taxation Act, the KFEZs had offered exemptions or reductions in corporate tax, income tax, tariffs, acquisition tax and property tax for foreign-invested resident companies and developers.

However, in 2017, EU had designated South Korea as a "watch list country for the tax breakers" since it saw that tax reductions on foreign investment in KFEZ was a harmful taxation system that discriminates between domestic and foreign companies. The government has been urged to negotiate with the EU and promised to revise the taxation system of KFEZ. According to the new polices of KREZ, tax reduction of corporation tax and income for new foreign investment has been abolished from 2019. However, the tax benefits of foreign companies that have already invested remain unchanged, and tax reductions on tariff and local tax are still maintained.

Category	Existing Benefits		Investment Requirements
National Tax	Tariff	100% exemption for 5 years	Imported capital goods only
Local Tax	Acquisition Tax	100% tax exemption for up to 15 years in accordance with local ordinances	
	Property Tax	Tax reductions for up to 15 years in accordance with local ordinances	

Source: www.fez.go.kr

Map of Free Economic Zones in South Korea



Source: www.fez.go.kr

NEW GROWTH ENGINE INDUSTRIES AND SOURCE TECHNOLOGIES

Since 2008, the Korean government has been intensively supporting industries and technologies that can lead to continuous growth of the Korean economy and job creation. In 2021, 11 categories, 40 fields, and 173 technologies are designated as New Growth Engine Industries and Source Technologies, and project expenses and tax reductions are provided to foreign investment in New Growth Engine Industries and Source Technologies.

Based on the government's support policy, foreign-invested corporations that install or operate factory facilities with investments of US 2 million dollars or more in the field of New Growth Engines Industries and Source Technologies are entitled to corporate tax cut or reduction for 7 years in accordance with the Restriction of Special Taxation Act.

New Growth Engine Industries and Source Technologies (11 categories, 40 fields in)

Category	Fields
Future Vehicles	Autonomous vehicles, electric vehicles
Intelligent Information	Artificial intelligence, IoT, cloud, big data, wearable smart appliances, IT convergence, blockchain, quantum computer
Next-generation Software & Security	Software technology, convergence security
Content	Realistic content, cultural content
Next-generation Electronic Information Devices	Intelligent semiconductors and sensors, materials for semiconductors, etc., high-performance displays like OLED, 3D printing, AR devices
Next-generation Broadcasting and Telecommunication	5G mobile telecom, UHD
Bio & health	Bio-medicine, compound medicine, medical devices, healthcare products, biotechnology for agricultural, marine and food products, materials for biocosmetics
New energy business, Environment	ESS, new and renewable energy, enhancement of energy efficiency, greenhouse gas reduction, carbon capture and sequestration, nuclear energy
Composite & Integrated Materials	High performance textiles, ultra-light metal, hyper-plastic, titanium
Robots	High-tech manufacturing robots, medical robots, service robots, robots in general
Aerospace	Unmanned vehicles, space technology

In addition, the Seoul city recently announced that it will provide up to KRW 200 million in employment maintenance support for foreign-invested companies in the field of New Growth Engines Industries and Source Technologies that were shrunken by the recent Corona crisis. According to the Seoul City's employment maintenance support policy, any foreign-invested companies that have invested in IT convergence, digital content, green industry, business services, fashion design, financial industry,

tourism conventions, and bio-metallic fields are entitled to a maximum of 6 months of employment subsidies. For more information, visit the website of the Ministry of Trade, Industry and Energy (MOTIE) and the Seoul Metropolitan Government.

INVESTMENT PROMOTION WITH LEGAL SUPPORT

The Foreign Investment Promotion Act (implemented since 1998) is the basic law governing the grant of incentives to foreign investors. FIPA delegates certain items to its Enforcement Decree and Enforcement Regulations and the Regulation of Foreign Investment and Technology Importation.

The Foreign Exchange Transactions Act (implemented since 1998) governs foreign exchange transactions related to foreign investment, and the Special Tax Treatment Control Act, its Enforcement Decree and Enforcement Regulations and the Regulation on Tax Exemptions or Reductions for Foreign Investment provide exemptions and reductions of applicable taxes related to foreign investment.

The Special Act on Designation and Management of Free Economic Zones (implemented since 2003) is the special law for foreign-invested companies to promptly create the foreigner-friendly economic and conditions in South Korea which are intended to facilitate more foreign investment. It regulates certain incentives and special treatments for foreign investors and companies such as exemptions in corporation tax.

According to the above laws, main incentives and qualifications for foreign investments are as follows:

Qualifications			Incentives
Tax Reductions	New Growth Engines Industries & Source-Technology Businesses	Technologies by field that fall into the categories of new growth engines and source technologies; and the establishment and operation of factories to do businesses utilizing related technologies, materials and production process.	- Income tax, corporate tax: 100% for 5 years, 50% for 2 years after that (ONLY if submitted the application by 31 Dec 2018) - Acquisition tax, property tax: 100% for 15 years - Customs tariff, value-added tax, special consumption tax: 100% for 5 years
	Foreign Investment Zones	Individual type - Manufacturing: min. U$30M - Tourism & resort, international convention: min. U$20M - Logistics: min. U$10M - R&D centers: min. U$2M & min. 10 researchers	
		Complex type - Manufacturing: min. U$10M - Logistics: min. U$5M	- Income tax, corporate tax: 100% for 3 years, 50% for 2 years after that (ONLY if submitted the application by 31 Dec 2018) - Acquisition tax, property tax: 100% for 15 years - Customs tariff: 100% for 5 years
	Free Economic Zones	- Manufacturing, tourism & resort, international convention: min. U$10M - Logistics, medical institutions: min. U$5M - R&D centers: min. U$1M (min. 10 researchers)	

Qualifications		Incentives
Land Support	Min. 30% foreign investment	- Reduction of rent fee - Support for infrastructure
Cash Grants	- Min. 30% foreign investment - Manufacturing: Parts & materials specialty businesses, new growth engines and indigenous-tech businesses - R&D centers: New R&D facilities (min. 5 researchers)	Negotiable

Source: www.investkorea.org

To foster foreign investors' understanding of the South Korean Laws and to increase their investment in South Korea, translation of current major statutes is provided here.

INTELLECTUAL PROPERTY PROTECTION

Korean Intellectual Property Office (KIPO) is the major governmental authority in charge of intellectual property matters in South Korea (). According to the "Special 301" Report of USTR, announced on April 30, 2009, South Korea was removed from the Watch List in recognition of the significant improvements it has made during the past year, and the government's policy direction of continuing to place a priority on improving its IPP regime.

The KIPO provides an internet-based patent document search service available to public and international since 2016. It covers South Korean IRP applications, legal statues, information, trial information, etc. For more information, go to.

INTELLECTUAL PROPERTY PROTECTION ENTRY CONDITIONS & VISA APPLICATION

Foreigners must carry a valid visa to enter South Korea. Swiss citizens are exempt from this rule, unless they stay longer than 90 days. To check other exemptions, visit the Korea Visa Portal.

According to the Immigration Law of South Korea, any foreigner who has entered South Korea with a long-term (91 days or more) visa should apply for alien registration at the immigration control office with the jurisdiction over the sojourn place within 90 days. Foreigner over the age of 18 should visit in person to register their fingerprints.

South Korea has 36 types of visas reflecting specific social activities and residency purposes for foreigners. Any foreigner residing in South Korea must obtain permission from the relevant authorities for any activity different from what is permitted under the assigned visa. A foreign applicant for a visa should confirm his/her eligibility for staying in South Korea according to the purpose of his/her entry into the country, and should submit an application along with the corresponding documents to an overseas South Korean consular office. For more information, visit the Korea Visa Portal or contact:

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Tel: +41 31 356-2444
overseas.mofa.go.kr/ch-en/index.do

Electronic Travel Authorization

From June 2021, the Electronic Travel Authorization (ETA) system will be implemented for foreigners visiting South Korea. Nationals of countries eligible to enter Korea without a visa for the purpose of tourism etc., must enter their personal and travel information online in advance on ETA and obtain travel permission. Please access the Korean ETA at least 72 hours before boarding the aircraft at the local airport. Only passengers who have obtained travel permission via ETA in advance are eligible to receive boarding pass. Once the ETA approval has been obtained, advance travel authorization and fees are waived in case of re-entry to South Korea for 2 years.

LABOUR LAW

The South Korean Labour Law is largely divided into four categories: Individual Labour Relations Law, Collective Industrial Relations Law, Cooperative Industrial Relations Law and Employment Law. Depending on its characteristics, each law sets the standards for labour contracts and relations between employers and workers, enables autonomous dispute resolutions between labour and management by guaranteeing worker's right to organize a union and ensures mutual benefits to labour and management by promoting the participation and cooperation of both employers and workers.

The standard working hours set by the Labour Standards Act are 8 hours per day and 40 hours per week. The working hours prescribed by the Act shall not be exceeded. The standard annual paid leave is 15 days with one day to be added every 2 years of consecutive work after the initial year, up to a total of 25 days.

Under the South Korean Labour law, only weekly holidays (a day of a week) and workers' days (May day) were applied as paid holidays. From 2021 onwards, all public holidays set by the government will be converted into paid holidays. For this reason, more than 15 public holidays set by the government such as Lunar New Year's holidays days and Thanksgiving days are included in paid holidays. If a worker works on a paid holiday, holiday work allowance (50% added for less than 8 hours per day, 100% for time exceeding 8 hours per day) must be additionally paid.

South Korea has four key social insurance programs: employment insurance, industrial accident compensation insurance, national pension and health insurance.

Migrant workers have equal status with South Korean workers. Accordingly, the basic labour rights of migrant workers are protected by the Labour Standards Act, Minimum Wages Act, Wage Claim Guarantee Act, and other relevant labour laws.

An employer cannot dismiss, lay off, suspend or transfer a worker, reduce a worker's wages, or take punitive measures against a worker without justifiable cause. Such punitive measures shall be taken on reasonable grounds that are generally accepted by society at large. In general, the reasons for punitive measures such as dismissal are stipulated in the labour laws and regulations and collective agreement. When dismissing a worker, the worker shall receive notice of the dismissal at least 30 days prior to actual dismissal. If not, the employer shall be obligated to pay at least 30 days' worth of advance notice of dismissal pay. Dismissal of an employee is effective only when a written notice stating the cause and date of dismissal is sent to the employee concerned.

A Severance Payment is a unique institution of South Korea, regulated by the Guarantee of Workers' Retirement Benefits Act. All full-time employees, either national or international, are entitled to receive a Severance Pay at the rate of 30 days' 'average wage' for each continuous year of service. Since a Severance Pay is a legal mandatory benefit given to the employees when they leave employment at a company, it must be offered for those who either resign or are fired, regardless of the circumstances. For more information, visit the website of the Ministry of Employment and Labour.

MINIMUM WAGE & MAXIMUM WORKING HOURS

According to the revised Minimum Wage Act, the minimum hourly wage will be KRW 8,720 form January 2021. If any employee works 40 hours a week, the monthly minimum wage is KRW 1,822,480, including

the weekly holiday allowance. The minimum wage covers all the employees as defined in the Labour Standards Act of South Korea regardless of their status, contract, or nationality. However, there are some exceptions; the businesses that only employ family members or relatives living in the same residence; domestic service users; and the seamen who are governed by the Seamen Act. Any employers who fail to pay the minimum wage are subject to punishment by Ministry of Labour.

From July of 2018, the maximum weekly working hours has been 52 hours, consisting of 40 regular hours and 12 overtime hours; it will not be possible the maximum workweek from 68 hours consisting of 40 regular hours, 12 overtime hours, and 16 hours of day-off any longer.

On February of 2018, the Labour Standards Act of South Korea was amended to settle a long-standing controversy over the treatment of weekend working hours. Before it was amended, 16 working hours on the paid day-off (weekends) was possible even though the Act restricted the only 12 overtime working hours a week because the related of the Act was interpreted that 12 overtime work hours were not included the 16 hours of weekends. The new rules will be applied to all workplaces form July this year 2021.

And all employees who work less than 8 hours on a public holiday must be paid 150% of their regular wage and 200% if 8 hours are exceeded. Exceptions are applied in 5 industrial categories: Land transportation business, water transportation business, air transportation business, other transportation related service business, and medical and sanitary business. However, the employer shall give the worker in above 5 categories at least 11 hours of rest period before the start of the next working day after the end of the work day.

JOB STABILIZATION FUND

The South Korean Labour Job Stabilization fund is the government directly supports employers in order to alleviate the management burden of Small and Mid-size companies and to relieve workers' job insecurity in response to the minimum wage increase. The fund is provided all employers whose employees are less than 30 and if the wage of employees is less then KRW 2.2 million.
The amount of support will be paid from KRW 50,000 for employees who are paid KRW 2.15 million monthly or less. Applications can be made online or at the any of public insurance corporation. For more information, go to jobfunds.or.kr.

IMPROPER SOLICITATION AND GRAFT ACT (KIM YOUNG-RAN ACT)

In October 2016, the Improper Solicitation and Graft Act, also called the "Kim Young-Ran Act", took effect to prevent corruption. It prohibits public officials, educators, and journalists from receiving unlawful requests to establish a discipline in the public society.

It is regulated to put anyone working in public office, the media, and education accepting KRW 1 million or more in bribes in jail for up to 3 years, regardless of whether the money was related to an official's duties or position, or whether favors were given in return. At the same time, even if a gift of money or other articles worth less than KRW 1 million are received, they are subject to punishment if it has duty relations or relations for compensation attached. Not only the public official who receive money but also the givers of such money or valuables will be punished.

But there are exceptions to the prohibition of graft for the purpose of smooth job performance. Socialization, rituals, and relief money without direct relevance to an official’s duties or position; sociable drinks and snacks are permitted up to KRW 30,000, personal gifts up to a value of KRW 50,000 are acceptable (in case that the personal gift is an agricultural or a marine product, up to KRW 100,000 is acceptable), and condolence money or flowers are permitted up to KRW 100,000. For more information, visit the website of the Anti-Corruption & Civil Rights Commission.

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Other law firms are listed in alphabetical order and do not indicate any preference or recommendation by the Embassy of Switzerland or the Swiss Business Hub Korea.

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