
Foreign Language Manual for 2025 Year-End Tax Settlement

This manual provides information as of November 2025 to foreign employees so that they can better understand Korea's year-end tax settlement process. Also, the translated version may differ from the Korean text of tax laws, so if you are using this manual for business purposes, please refer to the original Korean text and receive assistance from the withholding agent (company).

Contents

I . Year-end Tax Settlement of Wage & Salary Income	1
II . Foreigners' Year-end Tax Settlement	2
1. Resident and Non-Resident	2
2. Special Taxation for Foreigners	5
3. Summary of Revised Tax Laws in 2025	7
4. Year-End Tax Settlement - Calculation Process	9
III . Calculation Examples	20
1. Year-end Tax Settlement of Continuing Employees (1) ...	20
2. Year-end Tax Settlement of Continuing Employees (2) ...	21
IV . FAQ on Foreigners' Year-End Tax Settlement	22
V . How to Use the Simplified Year-end Tax Settlement Service	30

I . Year-end Tax Settlement of Wage & Salary Income

□ What is year-end tax settlement?

- Year-end tax settlement is a process of finalizing the total amount of income tax to be borne by an employee (excluding daily workers) for the wage & salary income earned during the relevant taxable period (e.g., Jan. 1-Dec. 31, 2025), based on the report of income deduction and tax credit, etc. submitted by the employee.
- If the amount of total tax withheld monthly is more than the final amount of tax payable, the amount in excess shall be refunded to the employee. If the amount of total withheld tax is less, the amount in shortage shall be additionally collected from the employee.
- When year-end tax settlement is completed, the withholding agent should issue a receipt for wage & salary income tax withholding to the employee by the end of February. If a resident with only wage & salary income paid income tax through year-end tax settlement, he/she does not need to file a finalized return of global income tax base.

□ When to file year-end tax settlement

- ① Year-end tax settlement of a continuing employee
 - The year-end tax settlement amount shall be withheld when the person who pays wage & salary income (withholding agent) pays wage & salary income for February of the year following the relevant taxable period (the last day of

February if wage & salary income for February is not paid until the last day of February or if there is no wage & salary income for February).

② Year-end tax settlement of a retiree

- Where an employee retires during the year, the year-end taxes shall be settled when wage & salary for the retiring month is paid. Therefore, employees who retire during the year should submit the report of income deduction and tax credit and supporting documents to the withholding agent before he/she receives wage and salary for the month of retirement.

II . Foreigners' Year-end Tax Settlement

1. Resident and Non-Resident

□ Definition

- In principle, a resident means any individual who has had his/her domicile or place of residence in the Republic of Korea for at least 183 days. A non-resident means any individual who is not a resident.
- A domicile shall be determined by the objective facts of living relationship, such as the existence of a family living together in the Republic of Korea, the property located in the Republic of Korea, and occupation. A place of residence means a place where a person has lived for a long time besides his/her domicile, and in which there is no general living relationship as close as a domicile

- ※ A taxpayer who falls under the following is deemed to have a domicile in Korea:
- A person who has an occupation which requires him/her to reside in Korea for 183 days or more; or
 - A person who has his/her family members in Korea and is likely to reside in Korea for 183 days or more in view of his/her occupation or assets held in Korea.

□ Scope of tax obligations

Foreign Resident	Foreign Non-Resident
All income generated from sources both within and outside Korea (worldwide income)	Domestic source income

- ※ Taxation on foreigners who reside in Korea for a short-term
 In the case of foreign source income of a foreign resident whose sum of period of having a domicile or place of residence in Korea is five years or less for 10 years retroactively from the last day of the relevant taxable period, only the income paid in Korea or remitted to Korea shall be taxed.

□ Income deduction & tax credit of foreign employees

- The income deduction and tax credit applied to foreign employees are the same as those for domestic employees (however, housing related deductions and credits do not apply), and the scope differs depending on whether the foreigner is a resident or a non-resident.

Item		Deductibility		Note
		Resident	Non-resident	
Total wage & salary income		Including foreign source income	Domestic source income	Article 119, Income Tax Act (Withholding Tax). 7
Deductions for wage & salary income		○	○	
Personal deductions	Basic deductions (Self, spouse, dependent family)	○	Only yourself	Article 122, Income Tax Act
	Additional deductions (Aged, disabled, qualified female, etc.)	○	Only yourself	Article 122, Income Tax Act
Deductions for pension contributions		○	○	
Special income deductions	National health insurance, employment insurance premium	○	X	
	Housing fund	○	X	
Other income deductions	Pension savings, etc.	○	X	
	Deposits made in a mutual aid fund for small enterprises and small entrepreneurs	○	X	
	Savings account for housing purchase	X (provided that the spouse of a head of household who does not own a home is eligible)	X	
	Contributions to a small and medium business start-up investment fund	○	X	
	Credit card expenses	○	X	
	Workers in SMEs which maintain the same employment level	○	X	
	Long-term collective investment securities savings	○	X	
	Contributions to an employee stock ownership association	○	○	Deductible for association members regardless of resident/non-resident
Tax credits, etc.	Tax credit for wage and salary income	○	○	
	Child tax credit	○	X	
	Special tax credit (insurance premium, medical expenses, educational expenses, donation)	○	X	
	Tax credit for monthly rent	○	X	
	Taxpayer association credit	○	○	Applicable where the income tax of a member of a taxpayer association is withheld and paid by a taxpayer association every month
	Foreign tax credit	○	X	
Standard tax credit	○	X		

2. Special Taxation for Foreigners

① 19% flat tax rate (Article 18-2 of the Restriction of Special Taxation Act)

- (Summary) A foreign employee can choose the 19% flat tax rate instead of the basic tax rate (6-45%) for wage & salary income (excluding cases where service was provided to a special related company) until the taxable period that ends within 20 years from the day of first providing service in Korea. However, for those who choose the flat tax rate, non-taxation, income deduction, tax reduction/exemption and tax credit do not apply.
- (How to apply) A foreign employee who wishes to have special taxation applied should attach an application for flat tax rate application for foreign employees to the report of income deduction and tax credit from wage & salary income and submit the documents to his/her withholding agent or taxpayers association.

* Relevant law: Article 18-2 of the Restriction of Special Taxation Act

② Reduction of income tax for foreign engineers (Article 18, Restriction of Special Taxation Act)

- (Summary) For the wage & salary income earned by a foreign engineer meeting certain qualifications, 50% of the income tax is reduced from the day of first providing service in Korea to the month to which 10 years elapse from such date belongs.
- * The reduction period (10 years) shall apply also to foreign engineers whose date of first providing service for the first time in Korea has not exceeded five years as of January 1, 2023.

- However, where foreign engineers in specialized leading companies in the materials, components and equipment industries started working in Korea for the first time no later than December 31, 2022, income tax is reduced by 70% for wage & salary income incurred from the first day of providing service until the month in which falls three years lapse from such date. For wage & salary income from the first day of the month following the aforementioned month to the month to which belongs the day on which two years lapse from such date, 50% of the income tax shall be reduced.
- **(Engineers eligible for tax reduction/exemption)** A person without a Korean nationality who; ① provides technology based on an engineering technology introduction contract (US\$ 300,000 or more); or ② holds a bachelor's degree or higher in science and engineering and works as a researcher at an R&D facility affiliated with a domestic company after working for five years or longer at an overseas research facility; ③ Outstanding foreign talent under Article 28(1) of the Special Act on High-tech Industry Talent Innovation
- **(How to benefit)** Submit an application for wage & salary income tax reduction/exemption for foreign engineers by the 10th day of the month following the month in which the date of providing service belongs to the jurisdictional tax office via the withholding agent.

* Relevant law: Article 18 of the Restriction of Special Taxation Act

3. Summary of Revised Tax Laws in 2025

1 Expansion of Child Tax Credit Amount

- The tax credit amount for children is expanded to KRW 250,000 for the first child (previously KRW 150,000), KRW 300,000 for the second child (previously KRW 200,000), KRW 400,000 for the third and subsequent children (previously KRW 300,000)

* Example : 1 child : KRW 250,000, 2 children : KRW 250,000 + KRW 300,000 = KRW 550,000,
3 or more children : KRW 550,000 + KRW 400,000 per child exceeding 2 = KRW 950,000

2 Income tax reduction for highly skilled foreign professionals (K-tech Pass holders)

- Excellent foreign professionals have been added to the list of those eligible for income tax reduction under Article 28, Paragraph 1 of the "Special Act on Fostering Excellent Human Resources in Advanced Industries.

- (What is an Excellent Foreign Professional?) An individual who is eligible for a Top-Tier visa and meets the following criteria: (Academic/Career) Holds a master's or doctoral degree from a university within the World Top 100 ranking or has a career of 8 years or more, including at least 3 years of work at one of the World Top 500 Companies; (Income) A high-income earner receiving annual earned income compensation that is 3 times or more the GNI per capita (approx. KRW 150 million); and is scheduled to work at a company in the Advanced Industries sector.

* 4 Major Fields: Semiconductors, Displays, Secondary Batteries, and Bio..

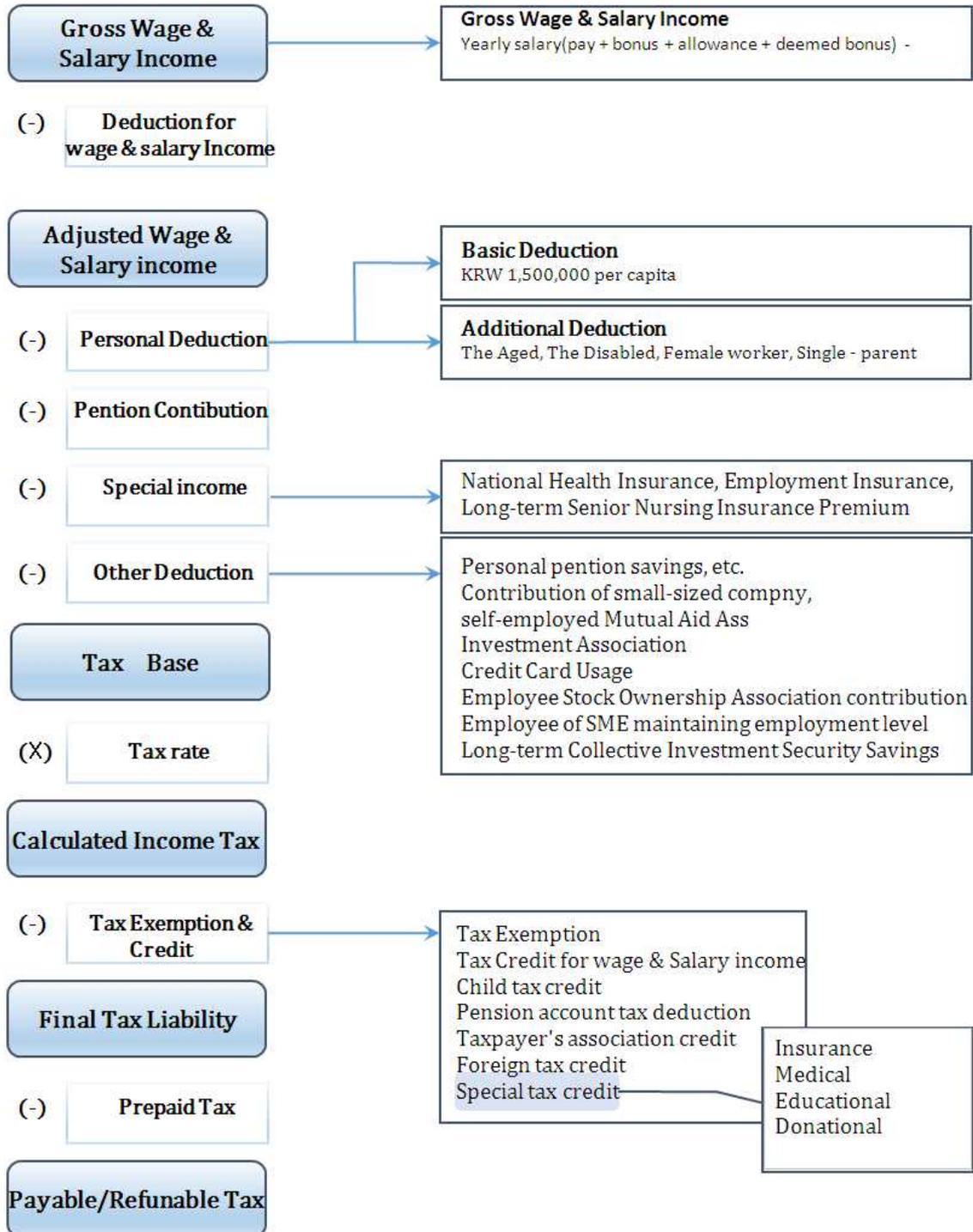
- (Support Details) (Tax) 50% reduction in earned income tax credit; (Education) Permission for children to enroll in foreign schools outside the fixed quota; (Housing) Expansion of the housing lease loan guarantee limit to the level of domestic citizens, etc.

③ Expansion of Eligibility for the Housing Savings Tax Deduction

- Until the end of 2024, only unemployed household heads with earned income were eligible to claim an income deduction for contributions to a housing savings account. As a result, foreign workers who could not be recognized as household heads under the Resident Registration Act were not eligible for this deduction. However, starting in 2025, foreign nationals may also qualify for the housing savings tax deduction if they meet the conditions below.
 - * A foreign employee who as total annual salary of KRW 70 million or less is a resident of Korea, and is the spouse of a household head who does not own a home, may deduct 40% of the amount paid into a housing savings account, up to an annual limit of KRW 3 million, from taxable income.

4. Year-End Tax Settlement – Calculation Process

Summary of flowchart of Year-end Tax Settlement



□ Calculation of wage & salary income tax base and tax amount

Classification	Details																				
Annual wage & salary income	All forms of compensation received in exchange for provision of service based on employment relations or a similar contract (excluding compensation for service provided by daily workers)																				
Non-taxable income	Income not included in wage & salary income e.g.: Owner driver subsidy (200,000 won per month), tuition fee, meal expenses, overseas wage & salary income (1 mil. won per month), childcare allowance for children aged 6 or under (200,000 won per month)																				
Gross wage & salary income	Taxable wage & salary income (= Annual wage & salary income – Non-taxable income)																				
(-) Deduction of wage & salary income	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Gross Wage & Salary Income Bracket</th> <th style="background-color: #ffffcc;">Deduction</th> </tr> </thead> <tbody> <tr> <td>Up to 5 mil. won</td> <td>70% of gross wage & salary income</td> </tr> <tr> <td>Over 5 mil. won – Up to 15 mil. won</td> <td>3.5 mil. won + 40% of the amount over 5 mil. won</td> </tr> <tr> <td>Over 15 mil. won – Up to 45 mil. won</td> <td>7.5 mil. won + 15% of the amount over 15 mil. won</td> </tr> <tr> <td>Over 45 mil. won – Up to 100 mil. won</td> <td>12 mil. won + 5% of the amount over 45 mil. won</td> </tr> <tr> <td>Over 100 mil. won</td> <td>14.75 mil. won + 2% of the amount over 100 mil. won</td> </tr> </tbody> </table> <p>※ up to 20 mil. won per year</p>	Gross Wage & Salary Income Bracket	Deduction	Up to 5 mil. won	70% of gross wage & salary income	Over 5 mil. won – Up to 15 mil. won	3.5 mil. won + 40% of the amount over 5 mil. won	Over 15 mil. won – Up to 45 mil. won	7.5 mil. won + 15% of the amount over 15 mil. won	Over 45 mil. won – Up to 100 mil. won	12 mil. won + 5% of the amount over 45 mil. won	Over 100 mil. won	14.75 mil. won + 2% of the amount over 100 mil. won								
Gross Wage & Salary Income Bracket	Deduction																				
Up to 5 mil. won	70% of gross wage & salary income																				
Over 5 mil. won – Up to 15 mil. won	3.5 mil. won + 40% of the amount over 5 mil. won																				
Over 15 mil. won – Up to 45 mil. won	7.5 mil. won + 15% of the amount over 15 mil. won																				
Over 45 mil. won – Up to 100 mil. won	12 mil. won + 5% of the amount over 45 mil. won																				
Over 100 mil. won	14.75 mil. won + 2% of the amount over 100 mil. won																				
Adjusted wage & salary income	(= Gross wage & salary income – Deduction of wage & salary income)																				
(-) Personal deduction	<p>① Basic deduction: Taxpayer himself/herself, spouse and supporting family members who make a living together (whose annual income is 1 million won or less)</p> <p>○ Age requirement(no age requirement for spouses and the disabled)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Lineal ascendant</th> <th style="background-color: #ffffcc;">Lineal descendant</th> <th style="background-color: #ffffcc;">Sibling</th> <th style="background-color: #ffffcc;">Fostered children</th> <th style="background-color: #ffffcc;">Recipients for basic livelihood security</th> </tr> </thead> <tbody> <tr> <td>60 or older (born on or before Dec. 31, 1965)</td> <td>20 or younger (born on or after Jan. 1, 2005)</td> <td>60 or older, or 20 or younger</td> <td>Foster child reared for six months or longer during the taxable period</td> <td>No restrictions</td> </tr> </tbody> </table> <p>② Additional deduction : For persons subject to basic deduction falling under the following</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Deduction subject</th> <th style="background-color: #ffffcc;">The aged (aged 70 or older)</th> <th style="background-color: #ffffcc;">The disabled</th> <th style="background-color: #ffffcc;">Woman (having dependents / married)*</th> <th style="background-color: #ffffcc;">Single-parent</th> </tr> </thead> <tbody> <tr> <td>Deduction amount</td> <td>1 million won</td> <td>2 million won</td> <td>500,000 won</td> <td>1 million won</td> </tr> </tbody> </table> <p>1) A resident with global income of 30 mil. won or less who is a woman with a spouse, or a woman without a spouse with a dependant family member subject to basic deduction 2) An employee without a spouse who has a lineal descendant or adoptee subject to basic deduction</p> <p>※ Single parent deduction and deduction for woman cannot be applied at the same time (apply single parent deduction in case they both apply)</p>	Lineal ascendant	Lineal descendant	Sibling	Fostered children	Recipients for basic livelihood security	60 or older (born on or before Dec. 31, 1965)	20 or younger (born on or after Jan. 1, 2005)	60 or older, or 20 or younger	Foster child reared for six months or longer during the taxable period	No restrictions	Deduction subject	The aged (aged 70 or older)	The disabled	Woman (having dependents / married)*	Single-parent	Deduction amount	1 million won	2 million won	500,000 won	1 million won
Lineal ascendant	Lineal descendant	Sibling	Fostered children	Recipients for basic livelihood security																	
60 or older (born on or before Dec. 31, 1965)	20 or younger (born on or after Jan. 1, 2005)	60 or older, or 20 or younger	Foster child reared for six months or longer during the taxable period	No restrictions																	
Deduction subject	The aged (aged 70 or older)	The disabled	Woman (having dependents / married)*	Single-parent																	
Deduction amount	1 million won	2 million won	500,000 won	1 million won																	

Classification	Details																
(-) Pension contribution deduction	Public pension (national pension, public officials pension, etc.) contributions borne by self: Deduction of full amount																
(-) Special income deduction	<p>Deduction of insurance premium: Full amount</p> <ul style="list-style-type: none"> - National health insurance premium, employment insurance premium, long-term care insurance premium <p>Housing fund deduction</p> <ul style="list-style-type: none"> - 40% deduction of repaid principal on housing lease loan: Up to 3 mil. won per year - Deduction of interest payment on housing lease loan: Up to 3 mil. to 18 mil. won per year 																
(-) Other deduction	<p>① Personal pension savings (if account is opened on/before Dec. 31, 2000)</p> <ul style="list-style-type: none"> - 40% of the deposits are deductible (up to 720,000 won per year) <p>② Deposits made in a mutual aid fund for small enterprises and small entrepreneurs (Yellow Umbrella Deduction Cooperative)</p> <ul style="list-style-type: none"> - Deposits in a mutual aid fund for small enterprises and small entrepreneurs <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Wage & salary income</th> <th style="background-color: #ffffcc;">Ceiling</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">40 mil. won or less</td> <td style="text-align: center;">6 mil. won</td> </tr> <tr> <td style="text-align: center;">Over 40 mil. won-60 mil. won</td> <td style="text-align: center;">5 mil. won</td> </tr> <tr> <td style="text-align: center;">Over 60 mil. won-100 mil. won</td> <td style="text-align: center;">4 mil. won</td> </tr> <tr> <td style="text-align: center;">Over 100 mil. won</td> <td style="text-align: center;">2 mil. won</td> </tr> </tbody> </table> <p>③ Contributions to a small and medium business start-up investment fund</p> <ul style="list-style-type: none"> - For investments in a small and medium business start-up investment fund, venture company, etc., choose one taxable year from the taxable period starting in the year to which belongs to the investment or contribution date and ending in the year to which belongs the date on which two years elapse from the investment or contribution date. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Classification</th> <th style="background-color: #ffffcc;">Income deduction amount</th> <th style="background-color: #ffffcc;">Income deduction ceiling</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Contributions, investments in or after 2020</td> <td style="text-align: center;">10% of the contribution amount (100%, 70, 30%)*</td> <td style="text-align: center;">50% of the global income amount, 3 mil. won for venture investment trusts</td> </tr> </tbody> </table> <p>* Where directly investing in a venture company, etc.: 100% for 30 mil. won or less; 70% for 50 mil. won or less; 30% for over 50 mil. won</p> <p>④ Income deduction for amount spent on credit cards, etc.</p> <ul style="list-style-type: none"> - Deduction of credit card spending, etc. (including 10% of used-car purchase amount): Of the sum of the amount spent on credit cards, debit cards, prepaid cards and cash receipt amount, 15 to 40% of the amount over 25% of gross wage & salary income shall be deducted from income. 	Wage & salary income	Ceiling	40 mil. won or less	6 mil. won	Over 40 mil. won-60 mil. won	5 mil. won	Over 60 mil. won-100 mil. won	4 mil. won	Over 100 mil. won	2 mil. won	Classification	Income deduction amount	Income deduction ceiling	Contributions, investments in or after 2020	10% of the contribution amount (100%, 70, 30%)*	50% of the global income amount, 3 mil. won for venture investment trusts
Wage & salary income	Ceiling																
40 mil. won or less	6 mil. won																
Over 40 mil. won-60 mil. won	5 mil. won																
Over 60 mil. won-100 mil. won	4 mil. won																
Over 100 mil. won	2 mil. won																
Classification	Income deduction amount	Income deduction ceiling															
Contributions, investments in or after 2020	10% of the contribution amount (100%, 70, 30%)*	50% of the global income amount, 3 mil. won for venture investment trusts															

Classification	Details
(-) Other deduction	<ul style="list-style-type: none"> - Deduction ceiling: Gross wage & salary of 70 mil. or less: 3 mil. won ceiling Gross wage & salary of more than 70 mil.: 2.5 mil. won ceiling Employees earning 70 mil. or less may claim up to 3 mil. in additional deductions for culture/sports, traditional market, and public transportation expenses for those earning over 70 mil. only culture/sports expenses qualify, up to 2 mil. * Swimming pool and fitness fee included from July 1, 2025 ⑤ Income deduction for contributions to employee stock ownership association <ul style="list-style-type: none"> - Amount that a member of an employee stock ownership association contributed to acquire company stocks (ceiling of 4 mil. won per year, 15 mil. won for venture companies) ⑥ Income deduction for workers in SMEs which maintain the same employment level <ul style="list-style-type: none"> - 50% of pay reduced (total annual pay for the preceding taxable year - total annual pay for the relevant taxable year), (ceiling of 10 mil. won per year) ⑦ Income deduction for long-term collective investment security savings <ul style="list-style-type: none"> - 40% of the amount deposited by an employee with gross wage & salary income of 50 mil. won or less (80 mil. won or less in the relevant taxable period) in the taxable period preceding the account opening year (ceiling of 6 mil. won per year): Up to 2.4 mil. won per year
(+) Amount exceeding composite income deduction ceiling	<p>Where income deduction subject to composite ceiling on income deduction* exceeds 25 mil. won, the amount in excess shall be added to the tax base.</p> <p>* Deposits made in a mutual aid fund for small enterprises and small entrepreneurs, contributions to employee stock ownership association, credit card expenses, contributions to a small and medium business start-up investment fund, deposits in a long-term collective investment security savings</p>
Tax base	(= Wage & salary income - Personal deduction - Pension insurance premium deduction - Special income deduction - Other income deductions + Amount exceeding composite income deduction ceiling)
Classification	Details

<p>Basic tax rate (6-45%)</p>	<p>○ Calculate by multiplying the basic tax rate to the tax base</p> <table border="1" data-bbox="494 257 1380 672"> <thead> <tr> <th data-bbox="494 257 877 302">Tax Base</th> <th data-bbox="877 257 1380 302">Basic Tax Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="494 302 877 347">14 mil. won or less</td> <td data-bbox="877 302 1380 347">Tax base × 6%</td> </tr> <tr> <td data-bbox="494 347 877 392">Over 14 mil. won-Nbt over 50 mil. won</td> <td data-bbox="877 347 1380 392">840,000 won + (15% of amount over 14 mil. won)</td> </tr> <tr> <td data-bbox="494 392 877 436">Over 50 mil. won-Nbt over 88 mil. won</td> <td data-bbox="877 392 1380 436">6.24 mil. won + (24% of amount over 50 mil. won)</td> </tr> <tr> <td data-bbox="494 436 877 481">Over 88 mil. won-Nbt over 150 mil. won</td> <td data-bbox="877 436 1380 481">15.36 mil won + (33% of amount over 88 mil. won)</td> </tr> <tr> <td data-bbox="494 481 877 526">Over 150 mil. won-Nbt over 300 mil. won</td> <td data-bbox="877 481 1380 526">37.06 mil. won + (38% of amount over 150 mil.)</td> </tr> <tr> <td data-bbox="494 526 877 571">Over 300 mil. won-Nbt over 500 mil. won</td> <td data-bbox="877 526 1380 571">94.06 mil. won + (40% of amount over 300 mil won)</td> </tr> <tr> <td data-bbox="494 571 877 616">Over 500 mil. won-Nbt over 1 bil. won</td> <td data-bbox="877 571 1380 616">174.06 mil. won + (42% of amount over 500 mil. won)</td> </tr> <tr> <td data-bbox="494 616 877 672">over 1 bil. won</td> <td data-bbox="877 616 1380 672">334.06 mil. won + (45% of amount over 1 bil. won)</td> </tr> </tbody> </table>	Tax Base	Basic Tax Rate	14 mil. won or less	Tax base × 6%	Over 14 mil. won-Nbt over 50 mil. won	840,000 won + (15% of amount over 14 mil. won)	Over 50 mil. won-Nbt over 88 mil. won	6.24 mil. won + (24% of amount over 50 mil. won)	Over 88 mil. won-Nbt over 150 mil. won	15.36 mil won + (33% of amount over 88 mil. won)	Over 150 mil. won-Nbt over 300 mil. won	37.06 mil. won + (38% of amount over 150 mil.)	Over 300 mil. won-Nbt over 500 mil. won	94.06 mil. won + (40% of amount over 300 mil won)	Over 500 mil. won-Nbt over 1 bil. won	174.06 mil. won + (42% of amount over 500 mil. won)	over 1 bil. won	334.06 mil. won + (45% of amount over 1 bil. won)
Tax Base	Basic Tax Rate																		
14 mil. won or less	Tax base × 6%																		
Over 14 mil. won-Nbt over 50 mil. won	840,000 won + (15% of amount over 14 mil. won)																		
Over 50 mil. won-Nbt over 88 mil. won	6.24 mil. won + (24% of amount over 50 mil. won)																		
Over 88 mil. won-Nbt over 150 mil. won	15.36 mil won + (33% of amount over 88 mil. won)																		
Over 150 mil. won-Nbt over 300 mil. won	37.06 mil. won + (38% of amount over 150 mil.)																		
Over 300 mil. won-Nbt over 500 mil. won	94.06 mil. won + (40% of amount over 300 mil won)																		
Over 500 mil. won-Nbt over 1 bil. won	174.06 mil. won + (42% of amount over 500 mil. won)																		
over 1 bil. won	334.06 mil. won + (45% of amount over 1 bil. won)																		
<p>(-) Tax reduction/exemption</p>	<p>① Tax reduction/exemption according to tax treaties</p> <ul style="list-style-type: none"> - Where a foreigner dispatched to Korea receives pay from the government of both or either country that is party to a tax treaty, the amount of the relevant wage & salary income shall be reduced from the calculated income tax amount. <p>② Tax exemption for foreign teachers</p> <ul style="list-style-type: none"> - (Summary) A resident from a country that has a tax treaty with Korea containing a tax exemption clause for teachers (professors) who meet the requirements for tax exemption can receive tax exemption for income related to lecture and research received for a certain period (mostly two years). Because the tax exemption clauses differ by country, it is advised to check in advance. - (Application for exemption) An employee who wishes to receive tax exemption benefits should submit three copies of the application form for non-taxation/exemption of income tax according to tax treaty (attached Form 29-2 (3) of the Enforcement Rules of the Income Tax Act) attached with a certificate of residence issued by the residing country to the school (the income payer), and the school should send two copies of the documents to the jurisdictional tax office by the 9th day of the month following the month to which the income payment date belongs. <p>③ Income tax reduction for foreign engineers</p> <ul style="list-style-type: none"> - For a foreign engineer, 50(70)% of the calculated tax on wage & salary income generated for five years until the month to which the day on which five years elapse from the day of first providing service in Korea belongs shall be reduced (valid if the first day of providing service is on or before Dec. 31, 2026). * Where a foreign engineer in the field of parts, materials and equipment started to first provide service in Korea no later than Dec. 31, 2022, tax is reduced for 70% for the first three years and 																		

	50% reduced for two years thereafter.
(-) Tax reduction/exemption	<p>④ Income tax reduction for new recruits of SMEs</p> <ul style="list-style-type: none"> - (Summary) Where young adults aged 15 to 34 as of the date of signing an employment contract, persons aged 60 or older, the disabled or career-interrupted women meeting certain qualifications become hired by an SME, 70% (90% for young adults) of the income tax for income generated until the month to which belongs the day on which three years (five years for young adults) elapse from the date of employment shall be reduced (up to 2 million won per year) - (Employees excluded from tax reduction) Daily workers, executives, largest shareholder, largest contributor (representative in the case of private businesses) and his/her spouse, etc., persons whose payment of public pension contribution and national health insurance premium is not confirmed - (Businesses excluded from tax reduction) Professional service businesses such as law, taxation and accounting, hospitals, finance and insurance, etc. - (Application for tax reduction) The employee shall submit an application for income tax reduction for new recruits of SMEs (attached Form no. 11 of the Enforcement Rules of the Restriction of Special Taxation Act) to the withholding agent by the last day of the month following the month to which the date of employment belongs, and the withholding agent shall send a specification of eligibility of income tax reduction for new recruits of SMEs to the jurisdictional tax office.

Classification	Details										
(-) Tax credit	<p>① Tax credit for wage & salary income</p> <ul style="list-style-type: none"> - (Tax credit amount): 55% tax credit for calculated tax of 1.3 mil. won or less; if the calculated tax amount is over 1.3 mil. won, 715,000 won + 30% of the excess amount - (Tax credit ceiling) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Gross wage & salary</th> <th style="background-color: #ffffcc;">Tax credit amount</th> </tr> </thead> <tbody> <tr> <td>Up to 33 mil. won</td> <td>740,000 won</td> </tr> <tr> <td>Over 33 mil. won & not over 70 mil. won</td> <td>The higher of ①, ② ① 740,000 won - 【(Gross wage & salary - 33 mil. won) × 0.008】 ② 660,000 won</td> </tr> <tr> <td>Over 70 mil. won</td> <td>The higher of ①, ② ① 660,000 won - 【(Gross wage & salary - 70 mil. won) × 1/2】 ② 500,000 won</td> </tr> <tr> <td>Over 120 mil. won</td> <td>The higher of ①, ② ① 500,000 won - 【(Gross wage & salary - 120 mil. won) × 1/2】 ② 200,000 won</td> </tr> </tbody> </table>	Gross wage & salary	Tax credit amount	Up to 33 mil. won	740,000 won	Over 33 mil. won & not over 70 mil. won	The higher of ①, ② ① 740,000 won - 【(Gross wage & salary - 33 mil. won) × 0.008】 ② 660,000 won	Over 70 mil. won	The higher of ①, ② ① 660,000 won - 【(Gross wage & salary - 70 mil. won) × 1/2】 ② 500,000 won	Over 120 mil. won	The higher of ①, ② ① 500,000 won - 【(Gross wage & salary - 120 mil. won) × 1/2】 ② 200,000 won
	Gross wage & salary	Tax credit amount									
	Up to 33 mil. won	740,000 won									
	Over 33 mil. won & not over 70 mil. won	The higher of ①, ② ① 740,000 won - 【(Gross wage & salary - 33 mil. won) × 0.008】 ② 660,000 won									
	Over 70 mil. won	The higher of ①, ② ① 660,000 won - 【(Gross wage & salary - 70 mil. won) × 1/2】 ② 500,000 won									
	Over 120 mil. won	The higher of ①, ② ① 500,000 won - 【(Gross wage & salary - 120 mil. won) × 1/2】 ② 200,000 won									
	<p>② Child tax credit</p> <ul style="list-style-type: none"> - (Children subject to basic deduction) Children aged 8 and up - 150,000 won for one child, 250,000 won for two children, 550,000 won + 400,000 won per child for the third child and up if there are three or more children (e.g. 950,000 won for three children, 1,350,000 won for four children, 1,750,000 won for five children) - (Newborn, adopted children) The following is deducted from the calculated tax amount: 300,000 won for the 1st child, 500,000 won for the 2nd child, and 700,000 won for the third child and up 										
	<p>③ Tax credit for pension account : 12% of the deposits made to a retirement pension, pension savings account (15% for persons with global income of 45 mil. won or less or persons with only wage & salary income of 55 mil. won or less)</p> <ul style="list-style-type: none"> - (Tax credit ceiling and rate) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Global income (gross wage & salary)</th> <th style="background-color: #ffffcc;">Ceiling of deposits subject to tax credit (incl. retirement pension)</th> <th style="background-color: #ffffcc;">Tax credit rate</th> </tr> </thead> <tbody> <tr> <td>Not more than 45 mil. won (55 mil. won)</td> <td rowspan="2" style="text-align: center;">6 mil. won (9 mil. won) (900만원)</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>More than 45 mil. won (55 mil. won)</td> <td style="text-align: center;">12%</td> </tr> </tbody> </table>	Global income (gross wage & salary)	Ceiling of deposits subject to tax credit (incl. retirement pension)	Tax credit rate	Not more than 45 mil. won (55 mil. won)	6 mil. won (9 mil. won) (900만원)	15%	More than 45 mil. won (55 mil. won)	12%		
	Global income (gross wage & salary)	Ceiling of deposits subject to tax credit (incl. retirement pension)	Tax credit rate								
	Not more than 45 mil. won (55 mil. won)	6 mil. won (9 mil. won) (900만원)	15%								
More than 45 mil. won (55 mil. won)	12%										
<p>④ Taxpayers association tax credit</p> <ul style="list-style-type: none"> - 3% of the calculated tax amount is deducted for wage & salary income withheld by the relevant taxpayers association 											
<p>⑤ Foreign tax credit</p>											

-
- | | |
|--|---|
| | <ul style="list-style-type: none">- Where the global income tax base includes wage & salary income generated overseas, the amount of tax paid or payable overseas for the overseas income shall be deducted from the calculated tax amount- Tax credit ceiling = Calculated tax amount × 【(Overseas wage & salary income - Wage & salary income subject to reduction or exemption) / Adjusted wage & salary income】 |
|--|---|
-

Classification	Detail									
(-) Tax credit	<p>⑥ Standard tax credit</p> <ul style="list-style-type: none"> - If application for special income deduction and special tax credit was not made, tax credit of 130,000 won is applied per year <p>⑦ Tax credit for insurance premium</p> <ul style="list-style-type: none"> - 12% of coverage insurance (e.g. life insurance, accident insurance) premium paid (up to 1 mil. won per year) - 15% of deposits to coverage insurance for the disabled (up to 1 mil. won per year) <p>⑧ Tax credit for medical expenses</p> <ul style="list-style-type: none"> - (Tax credit items) Medical expenses, medical supply expenses, expense for purchasing glasses (up to 500,000 won), post-partum care center expenses (up to 2 mil. won per birth for persons with gross wage & salary income of 70 mil. won or less) in excess of 3% of gross wage & salary <p>* Plastic surgery expenses and expenses for purchasing health supplements are excluded.</p>									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Eligibility</th> <th style="background-color: #ffffcc;">Tax credit ceiling</th> <th style="background-color: #ffffcc;">Tax credit rate</th> </tr> </thead> <tbody> <tr> <td>⑦ Self, the disabled, persons aged 65 & over, persons who received infertility treatment, premature babies and babies with birth defects, persons receiving special treatment in national health insurance premium calculation</td> <td style="text-align: center;">No ceiling</td> <td style="text-align: center;">15% (30% for infertility treatment expenses, 20% for treatment expenses for premature babies and babies with birth defects)</td> </tr> <tr> <td>④ Other dependent family members</td> <td style="text-align: center;">7 mil. won per month</td> <td></td> </tr> </tbody> </table>	Eligibility	Tax credit ceiling	Tax credit rate	⑦ Self, the disabled, persons aged 65 & over, persons who received infertility treatment, premature babies and babies with birth defects, persons receiving special treatment in national health insurance premium calculation	No ceiling	15% (30% for infertility treatment expenses, 20% for treatment expenses for premature babies and babies with birth defects)	④ Other dependent family members	7 mil. won per month	
	Eligibility	Tax credit ceiling	Tax credit rate							
	⑦ Self, the disabled, persons aged 65 & over, persons who received infertility treatment, premature babies and babies with birth defects, persons receiving special treatment in national health insurance premium calculation	No ceiling	15% (30% for infertility treatment expenses, 20% for treatment expenses for premature babies and babies with birth defects)							
④ Other dependent family members	7 mil. won per month									
<p>⑨ Tax credit for education expenses</p> <ul style="list-style-type: none"> - 15% of the education expenses spent for self and persons subject to basic deduction 										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Eligibility</th> <th style="background-color: #ffffcc;">Tax credit items</th> <th style="background-color: #ffffcc;">Tax credit ceiling</th> </tr> </thead> <tbody> <tr> <td>① Self</td> <td>Tuition fee for university, graduate school, time-based programs, occupational capacity development & training institute, repayment of student loans, etc.</td> <td style="text-align: center;">Full amount</td> </tr> <tr> <td>② Pre-school children</td> <td>Daycare center expenses, kindergarten tuition fee, private education institute expenses, sports facility tuition fee, meal expenses, afterschool program expenses (including book expenses)</td> <td style="text-align: center;">3 mil. won per person</td> </tr> </tbody> </table>	Eligibility	Tax credit items	Tax credit ceiling	① Self	Tuition fee for university, graduate school, time-based programs, occupational capacity development & training institute, repayment of student loans, etc.	Full amount	② Pre-school children	Daycare center expenses, kindergarten tuition fee, private education institute expenses, sports facility tuition fee, meal expenses, afterschool program expenses (including book expenses)	3 mil. won per person	
Eligibility	Tax credit items	Tax credit ceiling								
① Self	Tuition fee for university, graduate school, time-based programs, occupational capacity development & training institute, repayment of student loans, etc.	Full amount								
② Pre-school children	Daycare center expenses, kindergarten tuition fee, private education institute expenses, sports facility tuition fee, meal expenses, afterschool program expenses (including book expenses)	3 mil. won per person								

Classification	Details			
(-) Tax credit	Eligibility	Tax credit items	Tax credit ceiling	
	③ Elementary, middle & high school students	Tuition fee, admission fee, enrollment application fee, national scholastic aptitude test fee, meal expenses, textbook expenses, afterschool program expenses, excursion expenses (up to 300,000 won per year), uniform purchase expenses (500,000 won a year for middle & high school students)	3 mil. won per person	
	④ University students	Tuition fee, admission fee	9 mil. won per person	
	⑤ The disabled	Rehabilitation expenses	Full amount	
(-) Tax credit	⑩ Tax credit for donations			
	- 15% of the donations made by a resident and his/her dependent family members subject to basic deduction (no age limit) during the taxable period within the tax credit ceiling (30% for amount over 10 million won)			
	※ In the case of political donations, home county donations, and contributions to an employee stock ownership association, only the amount paid by the employee himself/herself is subject to tax credit			
	Type of donation	Tax credit ceiling	Tax credit rate	
	① Political fund donation	Adjusted Wage & Salary income ×100%	0-100,000 won	100/110
			Over 100,000 won	15% for not over 30 mil. won, 25% for over 30 mil. won
	② Home county donations	【Wage & salary income -①】 ×100% (annual ceiling of 5 mil. won)	Not over 100,000 won: 100/110 Over 100,000 won: 15/100	
	③ \ Donations under Article 34 (2) 1 of the Income Tax Act	(Adjusted Wage & Salary income -① -②) ×100%	Donations under Article 34 (2) 1 of the Income Tax Act + Donations under Article 34 (3) 1 of the Income Tax Act + Contributions to employee stock ownership association: 15% (30% of amount over 10 mil. won)	
④ Contributions to employee stock ownership association	(Adjusted Wage & Salary income -① -②-③) × 30%			
⑤ Donations under Article 34 (3) 1 of the Income Tax Act (religious organizations)	(Adjusted Wage & Salary income -① -②-③-④) ×10% + The lesser of: 20% of (Adjusted Wage & Salary income -①-②-③-④); and amount paid to non-religious organizations* *Statutory donations other than donations paid to religious organizations in the year + Carried-over statutory donations other than donations paid to religious organizations			
⑥ Donations under Article 34 (3) 1 of the Income Tax Act (excluding religious organizations)	(Adjusted Wage & Salary income -① -②-③-④) × 30%			

Tax determined	(=Calculated income tax - Tax credit and exemption) ※ Foreign employees who applied for flat tax rate application = (Gross wage & salary + Non-taxable income) × 19%
(-) Pre-paid tax	Tax prepaid at principal (present) workplace + Tax prepaid at secondary (previous) workplace
Tax payable/ refundable	(= Tax determined - Pre-paid tax) ※ Tax determined > Pre-paid tax: The difference is payable Tax determined < Pre-paid tax: The difference is refundable

※ The above tax amount calculation table simply explains the related tax laws, so it does not explain the necessary requirements for the application of tax reductions . credits. Therefore, in case of reporting taxes using this manual, please be careful not to get penalties such as additional taxes imposed due to excessive reduction by checking the additional requirements for the application of tax reductions and the eligibility of the reductions from the related tax laws or the withholding agent (company).

III. Calculation Examples

1. Year-end Tax Settlement of Continuing Employees (1)

□ Basic information

- James works for Company ABC and earned 200,000,000 won as wage & salary income in 2025.
 - Annual wage & salary income 200,000,000 won (including non-taxable income 5,000,000 won)
- His family members are as follows: James (aged 36), Jane (His wife, aged 38) (His wife is subject to basic deduction with annual wage & salary income of 1,000,000 won or less for the relevant tax year)
- Expenditure details
 - National pension contribution 2,500,000 won - National health insurance premium 1,500,000 won
- Monthly prepaid tax amount (excluding local income tax) 44,334,000 won

Year-end tax settlement		19% flat tax rate application	
Total Income	₩200,000,000	Total 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			
–National health insurance premium	1,500,000		
Other deduction			
Tax Base	₩ 171,350,000		
Calculated Income Tax (basic tax rate)	₩ 45,173,000		
Tax Credit for Wage & Salary Income	200,000		
Determined tax	₩ 44,973,000	Determined tax	₩ 38,000,000
Prepaid tax	(-) 44,334,000	Prepaid tax	(-) 44,334,000
Tax due	₩ 639,000	Tax due	₩ △ 6,334,000

IV. FAQ on Foreigners' Year-End Tax Settlement

1

I am a foreign wage & salary income earner and my company withholds tax from my monthly income. What is the year-end tax settlement?

- When paying an employee's monthly salary, the withholding agent (company) should pay the amount of tax withheld according to the simplified tax table* to the competent tax office after considering the employee's monthly salary and income deduction items such as the number of dependent families, and should file year-end tax settlement before salary for February of the following year is paid.
 - * A table that determines the amount of tax to be withheld every month depending on the monthly salary and the number of dependent family members.
- Year-end tax settlement is a process of finalizing the total amount of income tax to be borne by an employee for the wage & salary income earned during the relevant taxable period.
 - The final amount of tax payable is determined by reflecting the report of income deduction and tax credit submitted by the employee to the wage & salary income of the relevant taxable period.
- If the final amount of tax payable is determined by reflecting the income deduction and tax credit items, the withholding agent (company) shall compare the amount to the sum of monthly withheld taxes. If the amount of total withheld tax is more, the amount in excess shall be refunded (added to salary), and if it is less, the amount in shortage shall be additionally collected (subtracted from salary).

※ Related law: Article 134, 137 of the Income Tax Act

2

How do I file year-end tax settlement if I retired in the middle of the year?

- If an employee retires in the middle of the year, the withholding agent collects the year-end tax settlement amount when paying the wage & salary income for the retiring month.
- Therefore, an employee who retires in the middle of the year should submit a report of income deduction and tax credit and supporting documents to the company before he/she receives salary for the retiring month. If the employee only has wage & salary income from one place of work in the relevant taxable period, his/her income tax payment obligations are fulfilled with the aforementioned year-end tax settlement.

※ Relevant law: Article 137 of the Income Tax Act

3

I'm paid by a company in a foreign country. How do I pay my taxes?

- Wage and salary from foreigners or foreign companies outside the country are excluded from withholding but taxes should be paid.
- Since there is no one in the country who pays income, the worker must fulfill his or her own tax obligation. Therefore, the taxpayer is required to file a tax return on the income received outside the country in May of the following year.
- However, if the taxpayer joined a taxpayers association, the association should withhold tax on income paid from overseas and perform year-end tax settlement. In this case, the taxpayer can receive a tax credit of 5% of the tax amount.

※ Relevant law: Article 3, 150 of the Income Tax Act

4

Where a foreign resident is paid from a foreign country by providing labor, should the foreign-source income be combined with his/her domestic income for year-end tax settlement?

- A foreigner who is a resident of Korea should settle year-end tax for his/her income earned both in Korea and a foreign country.
 - However, in the case of a foreign resident whose sum of period of having a domicile or place of residence in Korea is five years or less for 10 years retroactively from the last day of the relevant taxable period, only the income paid in Korea or remitted to Korea shall be taxed.
- ※ Relevant law: Articles 3 and 20 of the Income Tax Act

5

Are medical expenses paid to an overseas medical institution deductible?

- They are not deductible as foreign medical institutions do not fall under medical institutions as prescribed by Medical Service Act.
- ※ Relevant laws: Article 59-4 (2) of the Income Tax Act, Article 118-5 (1) of the Enforcement Decree of the Act

6

If the medical expenses shown at the Simplified Year-end Tax Settlement Service are less than the actual, how can a foreign employee claim deduction for the actual medical expenses?

- If the Simplified Year-end Tax Settlement Service (www.hometax.go.kr ⇨ 장려금·연말정산·기부금 ⇨ 연말정산간소화) does not show the full records of medical expenses spent by a resident worker, he/she can claim the deduction for his/her actual medical expenses by entering the omitted amount in the statement of medical expenses payment and submitting supporting documents issued by hospitals or pharmacies.
- ※ Relevant law: Article 59-4 (2) of the Income Tax Act

7

Are pre-school children's private education expenses spent abroad deductible?

- Educational expenses paid to overseas private educational institutes are not deductible because private educational institutes abroad are not qualified as private institutes or sports facilities stipulated in the relevant Korean laws, such as the Infant Care Act and the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons.

※ Relevant laws: Article 59-4 (3) of the Income Tax Act, Article 118-6 (1) of the Enforcement Decree of Income Tax Act

8

Are the education expenses deductible if a foreign taxpayer working in Korea spent educational expenses for their children studying abroad?

- As educational expenses paid to a foreign educational institute are deductible only when a resident who holds Korean nationality as of the end of relevant taxable period paid the education expenses, a foreigner is not able to claim deduction for the expenses.

※ Relevant laws: Article 59-4 (3) of the Income Tax Act, Article 118-6 (4), (5) of the Enforcement Decree of Income Tax Act

9

I paid insurance premium for December 2024 in January 2025. In this case, from what year is the insurance premium deducted?

- Insurance premium is deductible from the year in which it was paid. So if the payment was in January of 2025, it should be deducted from income for 2024.

※ Relevant law: Article 59-4 (1) of the Income Tax Act

10 Can a foreign employee, who is a resident, claim deduction for his/her overseas credit card usage?

- Income deduction is not permitted for purchases made overseas with credit cards.

※ Relevant law: Article 126-2 (1) of the Restriction of Special Taxation Act

11 Is the amount spent on a credit card under my family member's name deductible?

- The amount spent on a credit card under the name of a resident's spouse or lineal ascendant/descendant with annual income of 1 million won or less (gross wage & salary of 5 million won for persons with only wage & salary income) can be included in the resident's income deduction amount for credit card expenses, etc. However, the amount spent on a sibling's credit card, etc. is not included in the deductible amount even if the sibling is subject to basic deduction.

※ Relevant law: Article 126-2 (1) of the Restriction of Special Taxation Act

12 What are the general requirements for foreign teachers to be eligible for tax exemption?

- The NTS English website (<http://www.nts.go.kr/eng> ⇒ Resources ⇒ Tax Treaty) provides information on foreign teachers' eligibility for tax exemption, and because the eligibility for tax exemption differs by country, foreigners should check the applicable tax treaty between Korea and his/her home country. However, in the case of tax treaties with Canada, Norway, Sweden, etc., tax exemption is not granted.
- An American resident meeting the following requirements can be exempted from paying taxes on his/her wage and salary income.

- Inviting institution: Government, local governments or authorized educational institutes
 - * Not including private language institutes, English camps run by an English village, etc.
- Purpose of invitation: For the purpose of teaching/researching at a university or an authorized educational institute
- Purpose of visit: Primarily for the purpose of teaching or engaging in research, at a university or an authorized educational institute
- Period of invitation: Not exceeding two years
 - ※ Relevant laws: Article 20 (1) of the Korea-U.S. Tax Treaty

13

If a foreigner omits some items for income deduction or tax credit in the year-end tax settlement, can he/she get deduction or tax credit later?

- If items for income deduction or tax credit were omitted in the Year-end Tax Settlement, a foreign taxpayer can claim for correction of the originally filed tax return to the competent tax office in the filing period of global income tax, May of the following year. They can also claim for correction within five years since the period of wage & salary income tax payment lapsed.

※ Relevant law: Article 45-2 of the Framework Act on National Taxes

14

How do I claim a refund when I am eligible for a tax refund?

- If you are eligible for a refund, you can receive a refund through your employer (place of work), and there is no need to undergo a separate procedure.

※ Relevant law: Article 137 of the Income Tax Act

15

I have missed the year-end tax settlement. How can I file my income tax return?

- If you failed to settle year-end taxes, did not settle year-end taxes by summing up the income you received from all companies you worked for in the same year, or wish to claim additional deductions due to the omission of some income deduction and tax credit items, you may file a global income tax return by attaching evidence and related documents, including simplified year-end settlement documents, in May.

※ Relevant law: Article 73 of the Income Tax Act

16

I quit my job during the taxable year and would like to claim the refundable amount of tax. However, the company keeps on delaying the refund. In this case, can I get the refund from a district tax office instead of through the company?

- The tax refundable from year-end tax settlement should be paid to the employee by the withholding agent. If the withholding agent does not pay the refundable wage & salary income tax calculated through year-end tax settlement, the employee will have a right of claim against the withholding agent and can claim the refund in the same way as claiming overdue wage. In regard to salary, severance pay and dismissal, contact the consulting center (☎1350) of the Ministry of Employment and Labor.

17

From 2025, it is said that even the spouse of a non-homeowning household head can receive an income deduction for Housing Savings contributions if the spouse has earned income. Does this also apply when the spouse is a foreign national?

- Yes. Even if the spouse of a non-homeowning household head is a foreign national, they can receive an income deduction for Housing Savings contributions, provided they have earned income. Until contributions made in 2024, only non-homeowning household heads with earned income were eligible for the deduction. As foreign nationals cannot become household heads under the Resident Registration Act, they were not eligible. However, starting with contributions made in 2025, foreign nationals may also receive the deduction if they meet the required conditions. If a foreign worker is a domestic resident with total salary of KRW 70 million or less and qualifies as the spouse of a non-homeowning household head, 40% of the Housing Savings contributions made in 2025 (up to an annual limit of KRW 3 million) may be deducted from income.

※ Relevant law: Article 87 of the Restriction of Special Taxation Act

18

From 2025, it is said that the spouse of a non-homeowning household head can receive an income deduction for Housing Savings contributions if the spouse has earned income. Does this apply only when the foreign spouse is an employee?

- The income deduction for Housing Savings contributions applies only to non-homeowning household heads and their spouses who have earned income. Therefore, in the case of foreign nationals, only those who are wage earners and are spouses of a household head, and who are domestic residents, are eligible for the deduction.

※ Relevant law: Article 87 of the Restriction of Special Taxation Act

V. How to Use the Simplified Year-End Tax Settlement Service

① What is the Simplified Year-End Tax Settlement Service?

- It is a service that NTS electronically build income · tax reductions data electronically submitted by banks, schools, hospitals. etc. and shows employees via Hometax (www.hometax.go.kr).
- By selecting and submitting only those data which meet the income · tax reductions requirements, employees can get the data recognized as documentary evidence.

② Looking up income deduction and tax credit data

- A. Simplified Year-end Tax Settlement Service website (<http://www.hometax.go.kr>)
- B. Log-in with public key certificate
 - Click [로그인] on the upper right corner of the home page ⇨
Click [인증서 로그인]
 - Select the drive where the public key certificate is stored ⇨
Enter password ⇨ Click [확인]
- * A public key certificate stored in the cell phone can be used to log-in as well. Also, log-in as a non-member(a public key certificate) is allowed.

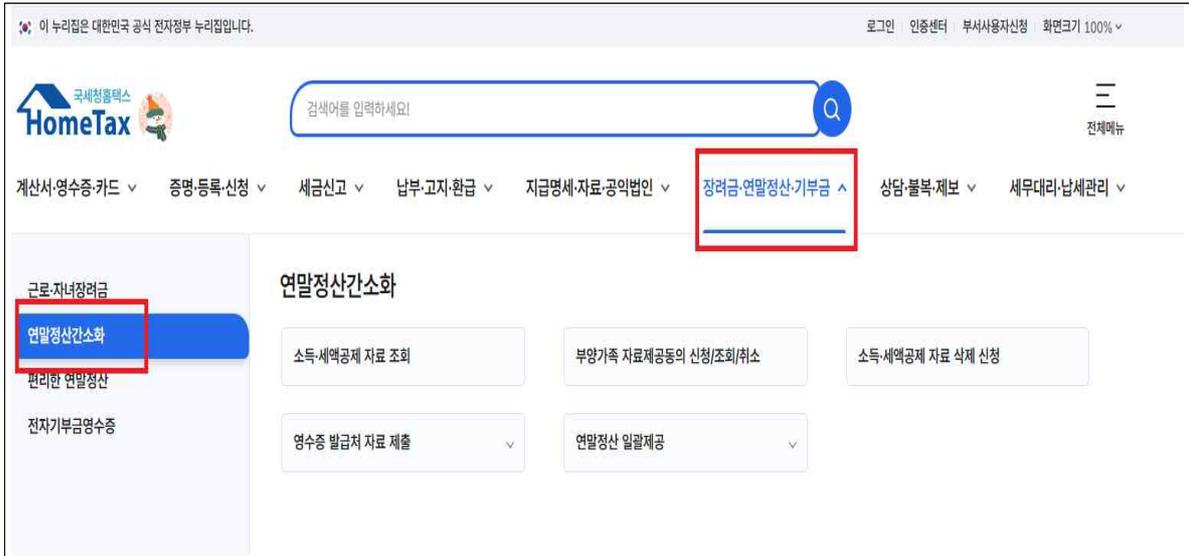
To access the Hometax website and look up income deduction and tax credit data, a public key certificate is needed. This is a tool to verify a user's identity on the Internet and protect valuable personal information.

* A public key certificate can be issued by banks, etc.

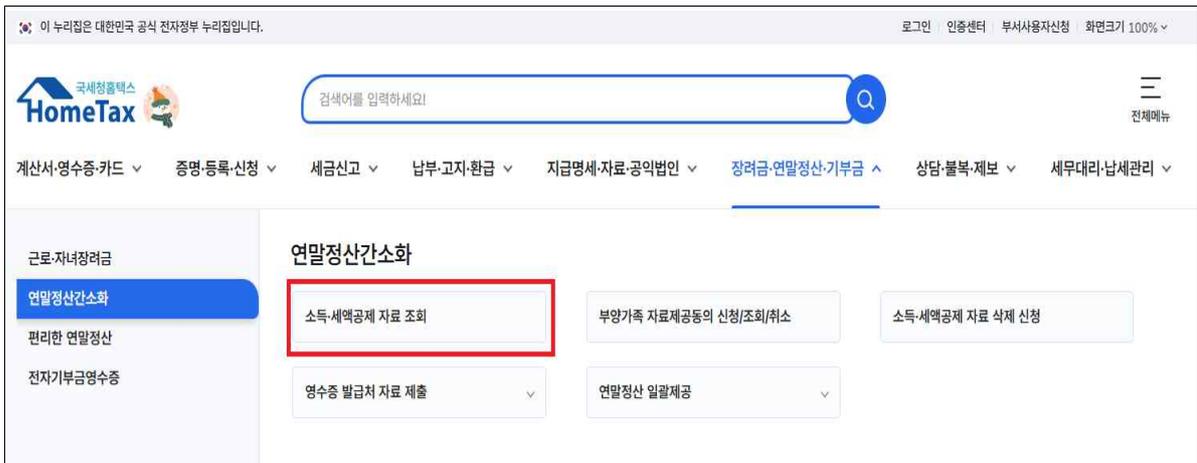
** Foreigners can only use a digital key certificate issued with their alien registration number.

C. Looking up & printing income deduction and tax credit records

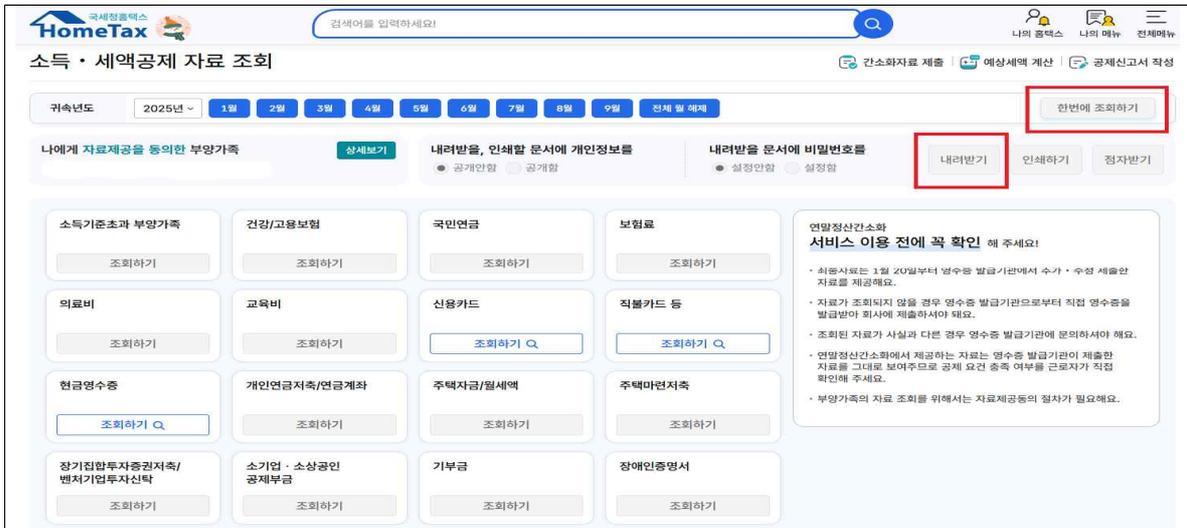
- Click 「연말정산간소화」 from 「장려금·연말정산·기부금」.



- From the simplified year-end tax settlement page, click 「근로자 소득·세액공제 자료 조회」.



- All income deduction and tax credit items will show.
- Click one of the items to see the amount you spent at each place of expenditure, Click one of the entities to check how much you have paid for the item per month.
- Click [한번에 조회하기] to print out the records under all items you have looked up.
 - ※ You cannot use this function if you need to print out the amount of expenditures per month (or per day).



※ The data provided by the simplified year-end tax services is collected with the alien registration number only. For example, if an employee got an insurance with a passport number or temporary number, etc. instead of an alien registration number, insurance fees paid cannot be looked up.

3 Submission of electronic documents for income deduction and tax credit

The NTS conducts paperless year-end tax settlement service so that employees and withholding agents do not have to print out, submit and keep paper-based income deduction and tax credit documents. Companies should visit the electronic document data extraction program website (www.hometax.go.kr) and install the data extraction program on the company's year-end tax settlement program in advance.

A. Look up and download income deduction and tax credit data

- Click 근로자 소득·세액공제 자료 조회 from 「장려금·연말정산·기부금」 on the top of the home page.
- Look up data as described in 'Looking up income deduction and tax credit data' above. After checking the data, click [한번에 조회하기] or [PDF 다운로드] to download the electronic documents.
- ※ When downloading a PDF document, you can choose whether to set a password (any seven digits) for the document.
- ※ The default file name is set as "Name (first six digits of user's resident registration number)-Name of the item.PDF", and can be changed into a name you want to use.

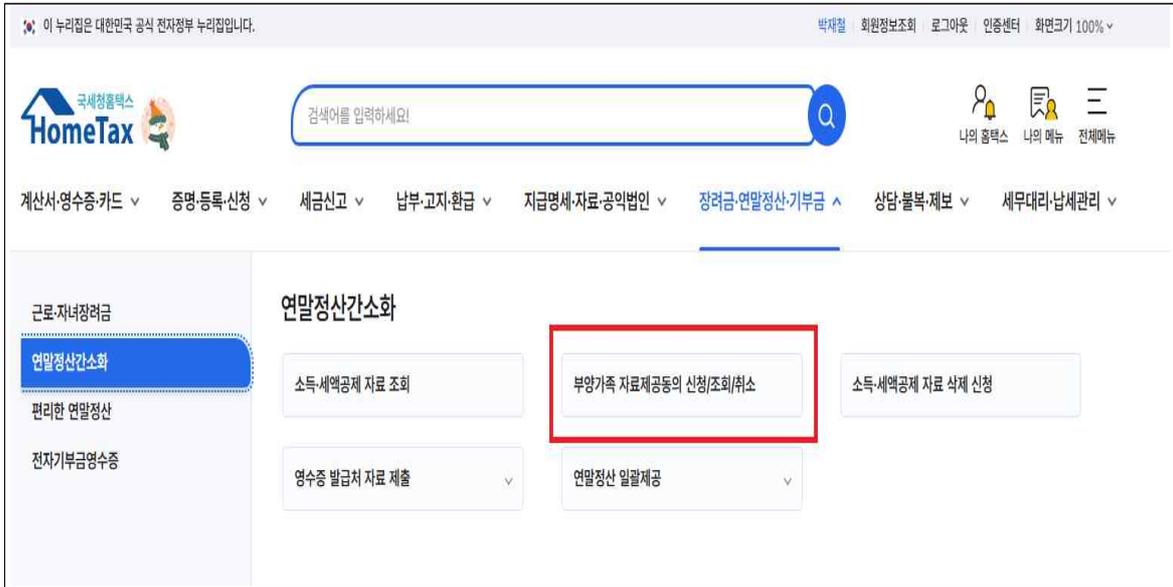
B. Using the downloaded electronic documents (paperless year-end tax settlement)

- Employees should submit the downloaded electronic documents to their employer (withholding agent).
- The employees of a company providing paperless year-end tax settlement service can upload the downloaded electronic documents on the company's year-end tax settlement program and automatically prepare income deduction and tax credit report forms, etc. with the program.

4 Application for consent to providing dependant family members' income deduction and tax credit data

A. When a dependent family member is an underage child

- An employee with a public key certificate may access his/her underage child's (under 19, born on or after Jan. 1, 2004) income deduction and tax credit records without obtaining consent.
- On the 「장려금·연말정산·기부금」 menu on the upper side of Hometax home page, click[연말정산간소화]→[부양가족 자료제공 동의 신청]
- * An employee who wishes to access his/her child's records must have a public key certificate.



- Enter the personal information of the child whose record you wish to access and click [신청하기], which will automatically register your child after confirming family relations.
- * If the address of the parent and the underage child do not match, automatic registration shall not be done. In this case, attach documents certifying family relations and apply online (upload documents), by fax, or by visiting a tax office (refer to b-1)–②, b-3)).



B. When a dependent family member is an adult

For an employee to access the income deduction and tax credit data of a dependent family member who is an adult, the relevant family member's consent is required. Application for consent may be made through the following methods:

1) How to consent to providing information on-line

If the information provider and the information viewer's family relations can be confirmed on-line, application for consent to provision of information can be made using personal authentication methods (public key certificate, cell phone, credit card). If there are no means of personal authentication or if family relations cannot be confirmed, you can apply for consent to provision of information by attaching a family relations certificate, etc. via on-line or fax.

① How to consent to providing information on-line using a personal authentication method (authentication certificate, cell phone, credit card)

1. Log on to Hometax (www.hometax.go.kr) → 2. Click [장려금·연말정산·기부금] → Click [연말정산 간소화] → 3. From [부양가족 자료제공 동의 신청] on the right hand side click 「본인인증신청」 → 4. Fill in the matters required for application and then click [신청하기] → 5. Select personal authentication method (e.g., simplified certification, public key certificate, cell phone, credit card, i-pin) → Authentication and application

② Apply for consent to provision of information via ON-LINE

1. Log on to Hometax (www.hometax.go.kr) → 2. Click [장려금·연말정산·기부금] → Click [연말정산 간소화] → 3. Click 「온라인신청」 from [부양가족 자료제공 동의 신청] on the right hand side → 4. Fill in the matters required from [제공동의 신청 정보 입력] and then click [다음] → 5. Click [파일찾기] of the copy of ID from [첨부서류 대상 파일 선택] → 6. Select the copy of ID file and click [열기] → 7. click [첨부서류 제출하기]

* Where family relations cannot be checked electronically, attach the family relations documents. When the information viewers log on and apply, the power of attorney must be attached.

③ Apply for consent to provision of information via fax

1. Log on to Hometax (www.hometax.go.kr) → 2. Click 「부양가족 자료제공 동의/조회」 from [장려금·연말정산·기부금] → 3. Click 「팩스신청」 → 4. Fill in the matters required from [제공동의 신청정보 입력] and then click [신청하기 및 출력하기] → 5. Send the printed out application form, copy of ID and certificate of family relations via fax (☎1544-7020)

2) Visit a tax office

Fill out an application form for provision of information on income deduction and tax credit and attach a copy of the personal identification of dependent families (alien registration certificate, etc.) and submit them to the nearest tax office.

- How to download application for consent to provision of income deduction and tax credit data

1. Log on to website (www.hometax.go.kr) → 2. Click [장려금·연말정산·기부금] → Click [연말정산 간소화] → 3. Click [세무서 방문 신청] from [부양가족 자료제공 동의 신청] → 4. Click [서식다운로드]

⑤ Search status of consent to provision of information on income deduction and tax credit and cancellation of consent

1. Log onto 홈택스(www.hometax.go.kr) → 2. Click [장려금·연말정산·기부금] → Click [연말정산 간소화] → 3. Click [부양가족 자료제공 동의현황 조회] or go to [조회/발급] → [연말정산서비스] → [제공동의 현황 조회] on the mobile page to look up the information of the party who is provided with my information. If consent to provide information was given but family relations changed thereafter and provision of information is not necessary, go to [장려금·연말정산·전자기부금] on HomeTax and click 「연말정산간소화」 → [부양가족 동의현황 조회] and cancel consent to provide information on 「동의 취소」, which is also possible through mobile page.