

Globalization Partners provides employer of record services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in South Korea. Your candidate is hired via Globalization Partners' South Korea [Professional Employer Organization \(PEO\)](#) in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

Table of Contents

- [South Korea Holidays](#)
- [Bonus in South Korea](#)
- [South Korea Working Hours](#)
- [Vacation in South Korea](#)
- [Sick Leave in South Korea](#)
- [Maternity/Paternity Leave in South Korea](#)
- [Termination/Severance in South Korea](#)
- [South Korea Tax](#)
- [Health Insurance in South Korea](#)
- [Additional Benefits in South Korea](#)
- [Bottom Line on Benefits in South Korea](#)
- [Employment Contracts in South Korea](#)
- [Why Globalization Partners](#)

Our comprehensive solution and Global PEO service enable customers to run payroll in South Korea while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in South Korea.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness

the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

South Korea, located in East Asia, is the most developed country in the region according to the Human Development Index. 50 million people live in South Korea, half of them in Seoul's metropolitan area. The Korean government encourages entrepreneurship and market competition. Decision making tends to be collaborative and can be slow, requiring patience. As with other Asian nations, the concept of "face" is very important and criticizing others in public should be avoided.

When negotiating terms of an employment contract and offer letter with an employee in South Korea, it may be useful to keep the following standard benefits in South Korea in mind:

South Korea Holidays

In addition to vacation days, employees are entitled to the 1st of May (Labor Day) as a mandatory paid holiday in Korea. An employer isn't required to treat other national holidays as paid holidays, though in market practice it is firmly embedded that they are treated as paid holidays. The following is a list of Korean national holidays, which are at times subject to change:

- 31 December – 2nd of January – New Years' holidays (Lunar Calendar)
- First day of the first lunar month
- 1 March: Independence Day
- 5 May: Children's Day
- 8 April: Buddha's Birthday
- 6th June: Memorial Day
- 15th Day of the eight lunar month 14 – 16th of August: Harvest Festival
- 3 October: National Foundation Day
- 9 October: Hangul Day
- 25 December: Christmas Day

Bonus in South Korea

It is common for Korean companies to pay incentive or performance-based bonuses.

South Korea Working Hours

Koreans are known for working long hours, however, employers must allow employees a minimum of one paid day off per week under the Korean labor law; Sunday is generally designated as the paid weekly day off. Many professional employees work a half-day on Saturday.

Vacation in South Korea

Companies with full-time salaried employees are legally required to provide 15 days of paid annual leave after one year of service with the company.

- An additional vacation day is paid for each two years of service thereafter.
- The statutory vacation days earned per year are capped at 25 days.

Sick Leave in South Korea

There is no legal requirement for employers to provide leave to employees for non-work related illnesses or injuries. It is not uncommon, however, for companies to provide paid sick leave whether or not an injury or illness is work related.

Employees will generally use their annual paid leave as personal sick days if paid sick leave is not available.

Employers are required under the Labor Standards Act to provide paid leave for work-related illnesses or injuries. Sick pay paid to an employee cannot be recovered from the state.

Maternity/Paternity Leave in South Korea

Female employees are entitled to 90 days of maternity leave. The start date can be agreed to

by the employer and the employee, however 45 consecutive days of leave must be taken after the birth.

The company or Employment Insurance pays for the leave, depending on the size of the company. Benefit pay also depends on company size.

Parents who have worked for an employer for more than one year may be eligible for parental leave.

- Such leave applies to parents whose children are under six years old
- Each parent is eligible for up to one year of leave
- Parents cannot take leave at the same time
- The parent is entitled to 40% of his/her monthly income from Employment Insurance

Termination/Severance in South Korea

An employer must provide employees with at least 30-days' notice or they can pay the employee 30 days of salary in lieu of the notice as a dismissal notice allowance.

Employment contracts often provide for longer notice. As a contractual matter, an employee may be entitled to reasonable notice of termination (which can be as much as 12 months) in particular circumstances.

By Korean law, a full-time employee is entitled to receive severance pay equal to one month's salary for each year of employment if they have worked for at least one year and they have worked for more than 15 hours per week or more than 60 hours per month. Severance pay is to be paid within two weeks of termination.

Employees with more than six months' service are eligible to make unfair dismissal claims if either:

- They are covered by a modern award or enterprise agreement (regardless of how much they earn and even if they have signed a high income guarantee.)

- They are award or agreement free and they earn less than the relevant income threshold (A\$129,300 base salary for 2013/2014.)

The primary unfair dismissal remedy is reinstatement. If that is not appropriate, compensation of up to six months' pay may be awarded.

South Korea Tax

Employees belong to a mandatory social security system.

Health Insurance in South Korea

Universal healthcare in South Korea is provided by compulsory National Health Insurance (NHI).

Employees and employers must contribute to National Health Insurance. The contribution rate is dependent on the employee's salary and the employer and employee each pay 50% of the contribution.

Additional Benefits in South Korea

Employers often provide additional supplementary health and life insurance benefits. For customers using our employee leasing or PEO service, Globalization Partners advises on typical costs and arranges these benefits as required.

Bottom Line on Benefits in South Korea

In general, we recommend that employers budget 18% on top of total cost of employment for the minimum cost of employer-paid statutory benefits in Korea.

Employment Contracts in South Korea

Historically, South Korean employment contracts were indefinite and employees worked until retirement. However, fixed-term, part-time, and temporary contracts are becoming more common.

Fixed-term contracts cannot exceed two years and beyond this limit, an employee must be treated as if they have an indefinite contract. Part-time employees are entitled to the same working rights as employees who do the same job full time, in proportion to the hours worked.

In South Korea, best practice is to put a strong, written employment contract in place, in the local language, which spells out the terms of the employee's job description, compensation, benefits, working hours, sick leave, and termination requirements. An offer letter and employment contract in South Korea should always state the salary and any compensation amounts in Won rather than a foreign currency.

This information is a general summary and is not intended as legal advice.

Why Globalization Partners

Establishing a branch office or subsidiary in South Korea to engage a small team is time-consuming, expensive and complex. South Korean labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into South Korea. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our South Korea PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in South Korea, please [contact us](#).