The following tax information is translated from Korean for foreign-invested companies, and is not legally binding.

※ Year-end tax settlement of foreign employees in Korea

☐ A foreigner with wage & salary income generated in Korea should conduct year-end tax settlement like domestic employees, regardless of the period of stay in Korea and the amount of wage & salary income.

<table>
<thead>
<tr>
<th>☐ Schedule for foreigners’ year-end tax settlement (same as Korean nationals)</th>
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<tbody>
<tr>
<td>• Preparation of documentary evidence of income deduction and submission of tax return (Employee→Employer): Jan. 20-Feb. 28, 2019</td>
</tr>
<tr>
<td>• Issuance of tax withholding receipts for year-end tax settlement (Employer→Employee): Jan. 20-Feb. 28, 2019</td>
</tr>
<tr>
<td>• Submission of report of status of withholding of income tax and statement of payment (Employer→NTS): ~Mar. 12, 2019</td>
</tr>
</tbody>
</table>

☐ The special taxations that only apply to foreigners are as follows:
  ○ Application of the 19% flat tax rate - For the wage & salary income (including non-taxable income) received from the first day of providing service in Korea to the taxable period which ends within five years of such date, foreigners can choose a 19% flat tax rate.
  ○ Income tax reduction/exemption for foreign engineers - In the case of foreign engineers who satisfy certain conditions such as engineers who signed an engineering technology introduction contract or engineers who work as a researcher in a foreign-invested company, a 50% reduction of income tax is applied to wage & salary income for two years.

☐ The NTS provides various English services such as the Help Desk for Foreigners, the Year-end Tax Settlement Automatic Calculator, etc. for foreign employees who are not fluent in Korean.
  • Help Desk for Foreigners: ☎ 1588-0560
  • On-line consulting: www.nts.go.kr/eng > Help Desk > Q&A
  • Year-end tax Settlement Automatic Calculator
    * www.nts.go.kr/eng > Help Desk > Quick Viewer Service > Automatic Calculation Service for Year-end Tax Settlement
Does the amount that a service recipient transferred from research expense account to accommodation expense account constitute expense?

(A) In accordance with Article 119 Subparagraph 6 of the Income Tax Act, the expenses excluded from domestic source income are limited to the accommodation expenses that the service recipient directly paid to the accommodation operator in relation to provision of service.
Source: National Tax Service (Oct. 22, 2018)

Can an independent service provided by an Indian resident be taxed in Korea?

(A) Where an Indian resident independently signs a project service business contract related to software system establishment and performs an essential and integral part of the business instead of a preparatory and auxiliary activity in Korea during the contract period, the place where the activity is performed is considered a fixed place of business as prescribed by Article 120 of the Income Tax Act and Article 5 of the Korea-India Tax Treaty, and the payment for the Indian resident’s services is taxed in Korea according to Article 14 of the Korea-India Tax Treaty.
Source: National Tax Service (Sep. 4, 2018)

For more information, please contact the International Tax Resource Management Office of the National Tax Service (82-44-204-2822~24).