

Tax Report



Korea, South	Proposed Global Share Purchase and Match Plan
Tax points	<u>Purchased shares:</u> Purchase: Income tax and social security (if any) on any discount to the value at the time of purchase. Sale by participant: Capital gains tax on increase in value since purchase. No social security. <u>Matching shares:</u> Grant: No income tax. No social security. Vesting: The point of taxation is when the ownership rights in the shares transfer to the participant (including a nominee). If the ownership rights in the shares are transferred to the participant on the vesting date then income tax and social security (if any). Transfer to participant: If the transfer of ownership rights in the shares is later than the vesting date, then point of taxation is the date ownership rights in the shares transfer to the participant. Sale by participant: Capital gains tax on increase in value since relevant tax event. No social security.
Income tax (maximum rate)	49.5% (2026) including local income tax. Any change in tax rates usually takes effect from 1 January.
Income tax rates	The maximum progressive tax rate is 45% which is payable on a tax base over KRW1,000million. Local income tax brings the top rate up to 49.5%.
Employer income tax withholding	Employer withholding will apply if the plan benefits are paid through local payroll or there is a recharge.
Employer social security withholding	Employer withholding will apply if the plan benefits are paid through local payroll or there is a recharge.
Employee social security	Employee social security (max rate): 9.717% (if all components are applicable). Social security consists of national pension, national health insurance premium and employment insurance, each of which has different rates. The max rate above is the sum of all social security rates. Employee social security (cap): the monthly salary cap depends on the component. The monthly salary cap for the national pension is KRW 6,590,000 (set each year from 1 July). The monthly salary cap for the national health insurance premium is KRW 127,725,730. There is no monthly salary cap for the employment insurance.
Employer social security	Employer social security (max rate): up to 10.567% (if all components are applicable), depending on number of employees. Plus, industrial accident compensation insurance (ranges from 0.61% to 18.66% depending upon the industry).

Tax Report



Korea, South	Proposed Global Share Purchase and Match Plan
	Employer social security (cap): the monthly salary cap depends on the component. The monthly salary cap for the national pension is KRW 6,590,000 (set each year on 1 July). The monthly salary cap for the national health insurance premium is KRW 127,725,730. There is no monthly cap for the employment insurance and industrial accident compensation insurance.
Share valuation for determining taxable benefit	Public/listed companies: there is no specific method required to calculate the share price for tax purposes. Any valuation is allowed provided it is used consistently and it reflects the fair market value of shares on the relevant date. In general, the closing market price is deemed to be the share value for tax purposes. Private companies: there are specific rules about how the valuation should be calculated under the Korean tax law. Seek separate advice.
Capital gains tax (maximum rate)	22% for the sale of foreign shares, including 2% local income tax. Capital gains are included in income but are taxed separately.
Dividend tax (maximum rate)	49.5% (including local income tax). Dividends that are paid by foreign companies and that are not subject to withholding in Korea, are taxed at progressive tax rates (at least 15.4% including 10% local income tax). Dividends received from Korean companies will usually be subject to withholding tax at 15.4% (including 10% local income tax), unless the combined total of interest and dividend income from all sources exceeds KRW20million, in which case the amount in excess of KRW20million is taxed at progressive tax rates.
Tax reporting - Individual	Yes, if not already subject to withholding by employer, including any dividends and capital gains. Korean residents are required to report foreign held assets to the tax authority, if those assets have a value over the equivalent of KRW0.5billion in an offshore account (including bank accounts and brokerage accounts), with a foreign financial company as at the end of any month in any given year. Report name: • Individual Comprehensive Annual Tax Return; • Capital Gains Tax Return; and • foreign assets are reported on Form 45 - Report of Foreign Bank and Financial Accounts. Tax period: 1 January to 31 December. Reporting deadline:

Tax Report



Korea, South	Proposed Global Share Purchase and Match Plan
	• Individual Comprehensive Annual Tax Return: 31 May; • Capital Gains Tax Return: 31 May; and • Form 45 - Report of Foreign Bank and Financial Accounts: 30 June. Payment of tax: Class B income taxes can be declared and paid annually by the individual or monthly through a licensed taxpayers' association. If a tax return is required, tax is paid by 31 May of the following year.
Tax reporting - Employing company	Yes, the employer must report the incentive plan income. There is specific share-based compensation reporting. Report name: • Monthly Withholding Tax Return; and • Transaction Statement of Overseas Share-based Compensation - the report covers details of the grant, exercise and payment of share-based compensation; the expected income due to the grant, exercise or payment; and details of the Korean resident officers and employees receiving the share-based compensation and can be downloaded here. Reporting deadline: • Monthly Withholding Tax Return: 10th day of the following month. The employer is required to perform a year-end payroll tax settlement by 10 March of the year following taxation; and • Transaction Statement of Overseas Share-based Compensation: 10 March of the year following taxation. Payment of tax: employers are required to pay withheld tax and social security insurance contributions to the relevant tax authority by the 10th day of the following month.
Share retention/holding period	The existence of a retention/holding period will not affect the tax treatment.
Recharge - Employing company	Subject to compliance with certain procedural and documentary conditions, the local company will be able to claim a corporation tax deduction if it pays money to the parent for the share costs. There is no clear guidance as to the deductibility of the administration costs. Local counsel recommends making an inquiry to the National Tax Service of Korea for an interpretative ruling to confirm.
Recharge - Individual	The existence of a recharge will trigger both withholding and social security obligations for the employing company.

Korea, South	Proposed Global Share Purchase and Match Plan
Malus and clawback - Tax reclaim	If malus or clawback are applied then, in theory, any taxes paid can be reclaimed through the individual and the corporate tax returns.
Malus and clawback - Tax points	The existence of a malus or clawback clause does not affect the moment of tax for the individual.
Tax beneficial treatment	There is no applicable tax beneficial treatment.
Other	Private companies: other than the method of valuing shares for determining taxable benefit, the tax treatment of the share plans would be the same whether the parent company is publicly listed or a privately held company. Class A income and Class B income: the difference between the closing market price on the date of exercise of the benefits (cash or shares) under an incentive plan and any price paid, will be subject to tax as salary income at progressive income tax rates. Although the terms are no longer used in the tax legislation, the income can be classified as 'Class A' or 'Class B': • Class A income occurs when costs are borne by the Korean employer and deducted for corporate income tax reporting purposes of the Korean company; • Class B income occurs when the costs are borne by a non-Korean entity or not reported for corporate income tax purposes by the Korean entity. If there is a recharge, and withholding tax applies, the income will be treated as Class A income. A 3% tax credit, subject to an annual limit of KRW1million, is available for Class B income if the employee joins a taxpayers' association, until 31 December 2027. In the absence of a recharge, there will be no employer income tax or social security insurance withholding or reporting requirement for Class B income. The employee will report the income on their annual tax return. National Health Insurance on Class B income: the National Health Insurance Service will assess additional National Health Insurance premium on global income reported by the employee on the annual income tax return, excluding Class A income, reported by the employer through year-end income tax settlement, in excess of KRW20million. The additional National Health Insurance Premium will be assessed at the employee rate and invoiced directly to the employee by the National Health Insurance Service. Annual Tax Return filing date on Class B income: income tax filings for Class A earned income and Class B earned income reported through a Class B Taxpayers' Association is made through year-end tax settlement by the Korean company and/or Class

Korea, South	Proposed Global Share Purchase and Match Plan
	B Taxpayers' Association. However, unless the above year-end tax settlement is made, the filing deadlines for the annual global income tax return for reporting Class B earned income, is 31 May after the tax year-end. Withholding and social security are not always applicable. This depends on a variety of factors, including individual circumstances, the exact plan structure, and the existence and structure of any recharge. If the position is uncertain, the prudent approach is to seek specific tax advice.

Tax Report



This summary assumes that the participants are subject only to local taxes at all relevant times. Different rules may apply if the participants are subject to multiple taxing jurisdictions at any relevant time.

This summary is only a guide. It is limited to a general description of national tax laws and does not address local, city, regional, state or other provincial tax laws that may apply to the participants.

The tax position will depend on each participant's individual circumstances. We do not warrant any particular tax result. Therefore we recommend that participants consult their own tax advisor regularly to determine their individual tax position.

The exact structure of an award is crucial to the way that award is taxed. The tax treatment can be affected by many factors including retention/holding periods and clawback. Different clawback terms and different restrictions on shares may impact the tax treatment. If companies want detailed and specific tax advice for their plans, then local counsel need to know the exact detail of how the specific plans work. The database can only give generalised tax information.

The information provided is understood to be correct as of 4 August 2026. Changes in legislation or practice after this date may affect the tax treatment.

This information was provided by Tapestry Insight Limited for information purposes only and on the basis of comprehensive legal disclaimers found in the [OnTap Terms and Conditions](#). It has not been signed off by local lawyers in this jurisdiction. Tapestry Insight Limited does not accept any liability for any loss caused by reliance upon this information or by acting upon or refraining from acting in reliance upon this information.

© Tapestry Insight Limited 2026