

Tax - Payroll Guide - Free shares / RSU

Korea, South	
Tax points	<p>Grant: No income tax. No social security.</p> <p>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).</p> <p>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.</p> <p>Sale by participant: Capital gains tax on increase in value since vesting/transfer. No social security.</p>
Income tax (maximum rate)	49.5% (2025) 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. For Your Shares, neither of the above apply, so no employer withholding is required.
Employer social security withholding	Employer withholding will apply if the plan benefits are paid through local payroll or there is a recharge. For Your Shares, neither of the above apply, so no employer withholding is required.
Employee social security	<p>Employee social security (max rate): 9.404% (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.</p> <p>Employee social security (cap): monthly salary cap depends on component. Monthly salary cap for national pension and national health insurance premium are KRW6,170,000 and KRW119,625,106, respectively, and there is no monthly salary cap for the employment insurance.</p>
Employer social security	<p>Employer social security (max rate): up to 10.254% (if all components are applicable), depending on number of employees. Plus industrial accident compensation insurance (ranges from 0.59% to 18.63% depending upon the industry).</p> <p>Employer social security (cap): monthly salary cap depends on component. Monthly salary cap for national pension and national health insurance premium are KRW 6,170,000 and KRW</p>

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	119,625,106, respectively, and there is no monthly cap for the employment insurance and industrial accident compensation insurance.
Tax reporting - Individual	<p>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.</p> <p>Report name:</p> <ul style="list-style-type: none"> • Individual Comprehensive Annual Tax Return; • Capital Gains Tax Return; and • foreign assets are reported on Form 45 - Report of Foreign Bank and Financial Accounts. <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Tax reporting - Employing company	<p>Yes</p> <p>New share based compensation reporting came into effect on 1 January 2024. 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.</p> <p>Report name:</p> <ul style="list-style-type: none"> • Monthly Withholding Tax Return; and • Transaction Statement of Overseas Share-based Compensation.

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	<p>Reporting deadline:</p> <ul style="list-style-type: none"> • 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. This reporting is applicable to taxable events on or after 1 January 2024 and the first reporting deadline will be 10 March 2025. <p>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.</p>
Malus and clawback - Tax points	The existence of a malus or clawback clause does not affect the moment of tax for the individual.