

# GMS Flash Alert

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## South Korea - Expatriates and Mandatory Subscription to National Health Insurance

Contributions to South Korea's National Health Insurance (NHI) program will be imposed on any foreigner (i.e., non-South Korean national) or overseas Korean national<sup>1</sup> ("eligible person") who has resided in the Republic of Korea (South Korea) for more than six months as at 16 July 2019, and such eligible person will be covered by the country's compulsory statutory health insurance.<sup>2</sup> Before this amendment, subscription to the NHI was voluntary for foreigners whose payroll was not reported by a South Korean entity.

### WHY THIS MATTERS

The costs that relate to South Korea's social security taxes, the NHI, and companies' corresponding budgets for South Korean-inbound expatriates will be affected by the new mandatory subscription requirement to the NHI. To potentially avoid any unexpected tax implications and jeopardized work permit extensions, the changes described below should be taken into account when evaluating inbound expatriates' situations and the corresponding international assignment costs and budgets in cases where the assignment period in South Korea is more than six months.

### Further Details

The National Health Insurance Service ("NHIS") will automatically register an eligible person with the status of "self-employed insured" in the system and send him or her an NHI card, which is evidence of coverage, and a bill to the eligible person's registered address.

The health insurance contribution will be calculated individually according to income and property. If the calculated premium is below the average premium of all subscribers, the average premium (KRW 113,050/month in year 2019) per person is imposed. The insurance contribution for the following month shall be paid in advance on or before the 25th of each month. By being subject to mandatory NHI subscription, the eligible person will have the same benefits as citizens of the Republic of Korea.

An eligible person can enroll in the NHI as one household unit (including spouse and children under 19 years old residing at the same place) and pay a household unit insurance premium.

Failure to pay the contribution will give the person certain disadvantages such as limited health insurance benefits when making use of hospitals and clinics. Additionally, the residence permit would not be granted when the person requests a visa extension with the Korea Immigration Service of the Korean Ministry of Justice.

The eligible person may be exempt from subscribing to the NHI in cases where he or she is eligible for a medical care guarantee equivalent to South Korea's medical care benefit in accordance with foreign laws, foreign insurance, or a contract with the employer. To this end, that person will have to submit an application form with supporting documents to the NHIS.

## FOOTNOTES:

1 See (in Korean and English): [Information on the Eligibility of Foreigners and Overseas Koreans for National Health Insurance Service.](#)

2 An overseas South Korean national is anyone who is situated outside the territory of the Republic of Korea for more than 183 days.

\* \* \* \*

KRW 1 = USD 0.00085  
KRW 1 = EUR 0.00076  
KRW 1 = GBP 0.00068  
KRW 1 = AUD 0.00012

## Contact us

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**The information contained in this newsletter was submitted by the KPMG International member firm in South Korea.**

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