

Year-end Tax Settlement

Year-end tax settlement is a process of finalizing the total amount of taxes to be borne by a wage and salary income earner. In general, a company withholds certain fixed income tax at monthly basis from an employee's salary. If the sum of the amount of monthly withheld tax is less than the amount of the final settled amount, the amount in shortage should be additionally paid or vice versa.

1. Period

- 1) Year-end tax settlement in general: When an employer pays the wage and salary income for February of the following year, the year-end tax settlement should be made.
- 2) Employee who retires during the year: When an employer pays the wage and salary for the month of retirement, the preliminary year-end tax settlement should be made.

2. Year-end tax settlement schedule

Process	Where to submit	Period/ Deadline
① Preparation of income deduction ⁱ documents and submission of return	Employee → Company	By the middle of February
② Review of income deduction documents and issuance of year-end tax settlement withholding receipt	Company → Employee	By the end of February
③ Submission of report of status of withholding of income tax and statement of payment	Company → NTS	On or before March 10

ⁱ The itemized deductions vary depending on the status of each employee. The company should consult with a tax advisor or an external payroll service provider.