



UNITED STATES FORCES KOREA MANUAL

AFAS-K

USFKM 7280.01

DISTRIBUTION: A, B, C, D

12 February 2025

PAYROLL DEDUCTION FROM KOREAN NATIONAL (KN) EMPLOYEES

Reference(s): See Enclosure K

1. Purpose. This manual assigns responsibilities and establishes policies and procedures for Korean National (KN) pay-related withholdings, deductions, and direct deposits for applicable KN employees.
2. Superseded/Canceled. This manual supersedes USFK Regulation 37-25, dated 2 June 2014.
3. Applicability. This manual applies to all command, staff, and subordinate elements of the following organizations that employ Korean nationals in the Republic of Korea (ROK): The United States Forces Korea (USFK), Army and Air Force Exchange Service (AAFES), Dragon Hill Lodge (DHL), USFK-affiliated Private Organizations (POs), and USFK-invited contractors. This manual also applies to the KN employees of those organizations including Appropriated Fund (APF), Non- Appropriated Fund (NAF), or Korean Service Corps (KSC) personnel. This manual does not apply to personal-hire KN employees (see definition in the glossary).
4. Records Management. In accordance with (IAW) the CJCSM 5760.01B, Volume II, Joint Staff and Combatant Commands Records Management Manual - Disposition Schedule.
5. Summary of Change.
 - a. Title of issuance is changed from USFK Regulation 37-25 to USFK Manual 7280.01.
 - b. Bank name changed from Shin Han Bank to Kookmin Bank IAW new contract in Enclosure B.
 - c. Remit withheld local tax account address changed to Pyeongtaek City Hall from Yongsan District Office IAW relocation in Enclosure C.

d. The detailed list of non-taxable and taxable items was replaced with the provisions of the Income Tax Act in Enclosure C.

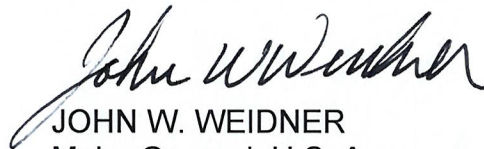
e. Individual Retirement Pension (IRP) added IAW CPD memorandum in Enclosure C.

f. Union dues deduction rate changed IAW CPD memorandum in Enclosure J.

6. Releasability. Unrestricted. This manual is approved for public release; distribution is unlimited. DoD components, other federal agencies, and the public may obtain copies of this manual through the internet from the USFK home page <https://www.usfk.mil/Resources/Publications/> or on NIPRNET at <https://armyeitaas.sharepoint-mil.us/sites/USFK-RM/SitePages/USFK-Publications-&-Forms.aspx>.

7. Effective Date. This manual is effective upon receipt.

FEB 12 2005



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Enclosures:

- A – Responsibilities & Policies
- B – Direct Deposit of Net Pay
- C – Withholding Taxes
- D – Korean National Pension Plan (KNPP)
- E – National Health Insurance Plan (NHIP)
- F – Long-Term Care Insurance Plan (LTCIP)
- G – Employment Insurance Plan (EIP)
- H – Industrial Accident Compensation Insurance Plan (IACIP)
- I – Retirement Insurance Savings Installments
- J – Voluntary Union Dues Allotments
- K – References
- GL – Glossary

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ENCLOSURE A
RESPONSIBILITIES & POLICIES

1. Responsibilities

g. Commanders/Directors/Managers of entities that employ KN employees are responsible for ensuring the offices or personnel who perform their KN civilian personnel recruitment/placement functions and KN payroll functions comply with this manual. These offices or personnel will hereinafter be referred to as “civilian personnel offices” or “KN payroll offices,” as appropriate.

h. The Director, Army Finance and Accounting Services Korea (AFAS-K) is responsible for the development and publication of this manual.

i. The following United States Forces Korea (USFK) and Eighth Army staff elements have specific responsibilities, as indicated.

(1) The Assistant Chief of Staff (ACofS), Acquisition Management monitors compliance with the provisions of this manual by all invited contractors through the sponsoring agencies.

(2) The Civilian Personnel Director (CPD) is responsible for policy matters involving entitlement to compensation, benefits and leave for KN employees and final interpretation on the provisions prescribed in USFKI 1400.01. The CPD also serves as the USFK and Eighth Army principal point of contact concerning ROK social security and welfare programs (i.e., National Pension Plan (NPP), National Health Insurance Plan (NHIP), Long-Term Care Insurance Plan (LTCIP), Employment Insurance Plan (EIP), and Industrial Accident Compensation Insurance Plan (IACIP)).

j. KN payroll offices are responsible for processing the pay, benefits and leave entitlements of KN employees and ensuring those offices comply with all other applicable provisions of this manual.

(1) All KN payroll offices are also responsible for ensuring the amounts for KN net pay, tax withholdings, and allotments authorized by KN employees are IAW this manual; and deductions from KN employees' pay to satisfy indebtedness due the United States are IAW Department of Defense Financial Management Regulation (DODFMR), Volume 8, Civilian Pay Policy and Procedures, Chapter 8, Underpayments and Collection of Non-DoD debts by salary offset.

(2) IAW Title 42 USC 659, wages to be paid to KN employees are property of the U.S. Government and are not subject to garnishment by a court or any government agency of the ROK.

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k. Korean National Civilian Personnel Offices (CPOs) are responsible for ensuring they comply with all applicable provisions of this manual.

l. All KN employees must comply with relevant portions of this manual.

2. Policies

All KN payroll certifying officers and employers having responsibility for processing the pay of KN employees are designated as withholding agents for Korean taxes and authorized allotments, which are to be withheld IAW the following order of precedence.

- a. The ROK Income Tax and Local Tax.
- b. The ROK National Pension Plan (NPP).
- c. The ROK National Health Insurance Plan (NHIP).
- d. The ROK Long-Term Care Insurance Plan (LTCIP).
- e. The ROK Employment Insurance Plan (EIP).
- f. The ROK Industrial Accident Compensation Insurance Plan (IACIP).
- g. Retirement Insurance Savings Installments.
- h. Indebtedness due the United States.
- i. Union Dues

ENCLOSURE B
DIRECT DEPOSIT OF NET PAY

1. Authority

Per Memorandum, HQ, USFK, Office of the Civilian Personnel Director, CPJ, 19 November 1982, subject: Change to Payment Procedure and Payroll Deduction Services for Group Insurance Retirement Savings Installments, all KN employees are required to have their net pay deposited to their bank accounts via Electronic Fund Transfer (EFT).

2. Authorized Form

KN employees will complete USFK Form 98EK-E (Statement of Bank Designation and Checking Account) to have their net pay sent to the designated financial organization of their choice. KN employees will attach copies of their bank books to original USFK Form 98EK-E to reflect their bank account numbers.

a. CPOs will instruct all newly hired KN employees to complete USFK Form 98EK-E during the employees' in-processing and forward the completed forms (including copies of employees' bank books) to the servicing payroll offices.

b. When KN employees change their banks and/or bank account numbers, the employees must complete a new USFK Form 98EK-E and submit it along with copies of their bank books to the servicing payroll offices. The employees should not close their old bank accounts until they confirm that payroll payments have been credited to their new accounts.

3. Operating Instructions

The instructions below are established for EFT payments to KN employees serviced by the AFAS-K KN Payroll Office. All other KN payroll offices will establish their own operating procedures related to EFT payments for KN pay.

a. The AFAS-K KN Payroll Office will:

(1) Provide KN payroll vouchers and EFT file(s) to the responsible disbursing office not later than (NLT) 0900 hours on the day before the payment due date.

(2) Indicate the payment due date, number of deposits, and total deposit amount on the voucher or transmittal sheet.

(3) Receive all payment rejection information from the responsible disbursing office.

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(4) Ensure KN employees have access to (or are provided) their complete earnings data prior to each established payday.

(5) Compare information on rejected transmissions with the information in the supporting documents. If rejected transmissions contain bank account numbers or other information that differs from the supporting documents, promptly correct the errors and retransmit to the Kookmin Bank via facsimile or other means. If rejected entries contain the same information as the supporting documents, contact affected employees for correct information and retransmit to the Kookmin Bank for payroll processing.

(6) Update the KNPS Master database with correct information as needed to prevent future rejects.

(7) Coordinate with the responsible disbursing office when rejected data cannot be corrected on or before the employee's next payment due date (payday). In such a case, (i) the AFAS-K KN Payroll Office will submit a request for refund to the on-post Department of Defense (DOD) Community Bank, and prepare the required documents (i.e., DD Form 1131, Cash Collection Voucher; and SF 1049, Public Voucher for Refund), and (ii) the DOD Community Bank will issue a Credit Memo to support the accountability of the applicable DOD activity's bank balance.

(8) Treat payroll data as new input if the rejected payroll data is recredited.

(9) Notify the affected employee(s) with expected retransmission date when rejected items cannot be retransmitted immediately.

b. The disbursing office responsible for making payroll payments for KN employees serviced by the AFAS-K KN Payroll Office will:

(1) Transmit payroll information to the Kookmin Bank as soon as possible upon receipt of EFT files from the AFAS-K KN Payroll Office, but NLT 1400 hours on the day before the due date.

(2) Provide the Transmittal Sheet to the DOD Community Bank upon transmission of payroll information to the Kookmin Bank; and immediately thereafter, inform the DOD Community Bank by telephone of the date and time of the transmission.

(3) Receive the confirmed transmittal sheet from the DOD Community Bank. The bank will normally fax the confirmed transmittal sheet NLT 1600 hours on the day before the payment due date.

(4) Receive a Debit Memo for total deposits. This debit memo will be used as the supporting document for accounting and accountability of each applicable activity's bank balance.

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(5) Receive all payment rejection information via the website from the Kookmin Bank. Payment rejection information will normally be posted on the website between 1100 and 1400 hours on the payment due date.

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ENCLOSURE C
WITHHOLDING TAXES

1. Authority

The authority for the DOD to withhold funds for payments of applicable national and local taxes payable by KN employees is outlined under Article XVII, paragraph 3 of the Agreed Minutes to the Status of Forces Agreement (SOFA) between the United States of America and the ROK, signed on 9 July 1966.

2. Responsibilities

a. The certifying officers for each KN payroll office will:

(1) Withhold Korean income tax and local tax from the pay of serviced KN employees on either a monthly or four-week basis, as appropriate.

(2) Remit withheld national income tax to the account designated by the servicing area ROK National Tax Service (NTS) office NLT the 10th day of the month following the month in which the income tax is withheld.

(3) Remit withheld local tax to the account of the Pyeongtaek City Hall at the Nonghyup Bank Pyeongtaek-si County Office, Pyeongtaeksicheong subbranch, 245 Gyeonggi-daero, Pyeongtaek-si, Gyeonggi-do, Korea, NLT the 10th day of the month following the month in which the local tax is withheld.

(4) Provide a copy of the completed annual Withholding Tax Statement for Earned Income to each serviced KN employee (or to his/her next-of-kin when appropriate) and the servicing area NTS office NLT the date specified each year by the NTS guidance. Also, for each serviced KN employee separated from employment during the current tax year, provide a copy of the completed Withholding Tax Statement for Earned Income to the employee (or to his/her next-of-kin when appropriate) and the servicing area NTS office upon the employee's separation or NLT 30 days thereafter.

(5) Provide a copy of the completed annual Withholding Tax Statement for Retirement Income to each serviced KN employee (or to his/her next-of-kin when appropriate) and the servicing area NTS office NLT the date specified each year by the NTS guidance. Additionally, for each serviced KN employee separated from employment during the current tax year, provide a copy of the completed Withholding Tax Statement for Retirement Income to the employee (or to his/her next-of-kin when appropriate) upon the employee's separation or NLT 30 days thereafter.

Note: In the context of ROK tax law, retirement income and severance pay are synonymous.

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(6) Maintain an individual pay record for each serviced KN employee throughout the current tax year for the final reconciliation of tax liability at the close of each tax year or upon separation.

(7) Prepare and issue two copies of a tax withholding certificate upon request by serviced KN employees. Each servicing payroll office will develop a standardized format for tax withholding certificates.

(8) Notify each serviced KN employee prior to starting each year-end tax adjustment about the website addresses, such as the NTS Hometax address and the year-end tax adjustment site address developed by the relevant payroll office, as well as the data input periods, methods, and other relevant information.

b. All KN employees are responsible for preparation and submission of claims for authorized deductions and tax credits to their servicing payroll office or NTS in compliance with the provisions of this enclosure.

3. Preparation of ROK Tax Forms

All KN employees will prepare a copy of the Tax Form 37 (Report of Exemption & Deduction from Income/Report of Exemption & Deduction from Wage & Salary Income) IAW instructions thereon and submit the form(s) together with prescribed supporting documents such as the resident register, census register, and appropriate receipts.

4. Submission of ROK Tax Forms

All KN employees will furnish their servicing payroll office a copy of the completed Tax Form 37 with the required supporting documents for determination of authorized income deductions and tax credits. Newly hired employees who retired from a previous company other than USFK during the corresponding tax year, shall submit the Withholding Tax Statement (ROK Tax Form 24) provided by the previous employer to the servicing payroll office.

a. Initial submission. All new KN employees will submit a copy of the completed Tax Form 37 with the required supporting documents to the servicing payroll office through the servicing CPO on the first day of employment.

(1) The servicing CPO will then forward the Tax Form 37 and the required supporting documents with the completed Standard Form (SF) 50 to the servicing payroll office.

(2) That Tax Form 37 will be effective with the first payment of wages and remain in effect until year-end submission.

b. Year-end submission.

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(1) If KN employees use the NTS Hometax and have no changes in the status of personal deductions claimed on the previous Tax Form 37, they do not need to submit it again.

(2) If KN employees use the NTS Hometax and have changes in the status of personal deductions claimed on previous Tax Form 37, they need to update personal deduction data in Hometax and submit new copies of the resident/census registers to the serviced payroll office.

(3) If KN employees use the year-end tax adjustment system developed by the relevant payroll office and have no changes in the status of personal deductions claimed on the previous Tax Form 37, they do not need to submit it again.

(4) If KN employees use the year-end tax adjustment system developed by the relevant payroll office and have changes in the status of personal deductions claimed on the previous Tax Form 37, they will submit a new Tax Form 37 with new copies of the resident/census registers to arrive at the servicing payroll office prior to the final reconciliation of tax liability at the close of each tax year.

(5) If KN employees are transferred from the jurisdiction of other servicing payroll offices during the same tax year, they will attach a copy of Withholding Tax Statement (Tax Form 24) for Earned Income issued by the previous employer to the year-end submission.

c. Change in claims. When a KN employee has changes in the status of personal deductions, income deductions or tax credits claimed, the employee must submit the updated Tax Form 37 with the required supporting documents to the servicing payroll office at any time during the applicable tax year.

5. Income Not Subject to Withholding Tax

Income tax shall not be withheld on income listed in Article 12 of the ROK Income Tax Act.

6. Income Subject to Withholding Tax

Income tax shall be withheld on income not listed in Article 12 of the ROK Income Tax Act.

7. Determination of Income Deductions and Tax Credits

Each KN payroll office will determine the amount of income deductions and tax credits based on the ROK Income Tax Act, ROK Restriction of Special Taxation Act and information on the most recent Tax Form 37 or Hometax data, and the required supporting documents submitted by each KN employee.

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a. If the number or amount of income deductions, or the amount of tax credits claimed by a KN employee exceeds the entitled amount, the employee will be subject to penalties for perjury by the ROK Government.

b. Failure of a KN employee to submit the current Tax Form 37, or failure to update Hometax with the required supporting documents will result in taxes being withheld with only a basic deduction for a single person. However, if the payroll office has another valid Tax Form 37 or Hometax data with supporting documents filed for the employee, the amount of the tax withholding will be based on the most recent records provided by the employee in the same tax year to the servicing payroll office.

c. The servicing payroll office will maintain a file of Tax Forms 37 or Hometax data including the required supporting documents.

8. Income Deductions

For a resident earning any earned income, the amount as prescribed in the ROK Income Tax Act and Restriction of Special Taxation Act as income deductions shall be deducted from the employee's gross pay earned during the corresponding year.

9. Tax Credits

For a resident earning any earned income, the amount as prescribed in the ROK Income Tax Act and Restriction of Special Taxation Act as a tax credit shall be deducted from the employee's taxation amounts during the corresponding year.

10. Income Tax Rates

The servicing payroll office will compute each serviced KN employee's income tax amount by applying the income tax rates prescribed in Article 55 of the ROK Income Tax Act.

a. Annual tax base, offset amounts, and tax rates. Periodically, the ROK NTS issues revised information on each applicable range of annual income and the related annual offset amounts and income tax rates. The annual tax base for each KN employee is equal to the employee's actual annual taxable earnings. For each employee, the applicable annual tax base, offset amount, and tax rate will be used when (i) computing income tax on taxable earned income at the close of each tax year for each current employee, (ii) upon an employee's separation during the current tax year, and (iii) when computing income tax on severance pay.

b. b. Monthly tax base, offset amounts, and tax rates. The monthly tax base and monthly offset amount for each KN employee are calculated by dividing the employee's annual tax base and the related annual offset amount by 12. Each KN employee's applicable national tax rate will be IAW the applicable rates published by the ROK NTS. For each KN employee, the responsible KN payroll office will use the applicable

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methodologies outlined in paragraphs 11 and 12 below to compute the employee's applicable national and local income taxes.

c. Two-week tax base, offset amounts, and tax rates. The two-week tax base and two-week offset amounts for each KN employee are calculated by dividing the employee's annual tax base and the related annual offset amount by 26. Each KN employee's applicable national tax rate will be IAW the applicable rates published by the ROK NTS. For each KN employee, the responsible KN payroll office will use the applicable methodologies outlined in paragraphs 11 and 12 below to compute the employee's applicable national and local income taxes.

11. Income Tax Formulas

Each KN payroll office will use the methodologies described in paragraphs 11a through 11c in computing income taxes due for each of its serviced employees. Each time a KN employee is paid, the income tax due is calculated based on the employee's cumulative earnings during the applicable year, the corresponding income tax due and the income taxes already paid by the employee in the applicable year. It should be noted that the taxable income applicable to any given year is determined by the income earned in that year, regardless of when the related payments are made. In tax computation, an amount less than W10 are disregarded. No tax will be withheld if the amount of tax due is less than W1,000.

a. Income tax formula for regular pay. Each time regular pay is paid to a KN employee, the responsible KN payroll office will use the following methodology to compute the related income tax that will be withheld from the employee's pay.

(1) The regular pay, less the total deductions allowed for regular pay, equals the tax base.

(2) The tax base, multiplied by the applicable tax rate (determined as outlined in paragraph 10 above), less the offset amount, equals the computed tax amount.

(3) The computed tax amount, less the total tax credits allowed, equals the income tax to be withheld for the just concluded pay period for regular pay.

b. Income tax formula for bonuses. The bonus is paid along with the regular pay, so it follows the methodologies described in paragraphs 11a above.

12. Local Tax Rates

Each time earned income or retirement income (a.k.a. "severance pay") is paid to a KN employee, the responsible KN payroll office will use the following methodology to compute the related local income tax to be withheld from the employee's pay.

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a. Local tax rate. IAW Article 103 (13) of the ROK Local Tax Act, the servicing payroll office will compute the local tax amount by multiplying the local tax rate by the related national income tax withheld.

b. Local tax formula. The national income tax withheld, multiplied by the local tax rate, equals the local tax.

13. National Tax Remittance

Each month, each servicing KN payroll office will pay the national tax payment by EFT, or a check denominated in Korean won. Each check will be annotated with the words "For Income Tax" and will be deposited in the account of the servicing area tax office NLT the 10th day of the month following the month in which the income tax was withheld.

a. The check will be remitted to a bank maintaining the account of the servicing area tax office.

b. The National Tax Deposit Form will be used to deposit the income tax remittance. A copy of the certified form will be obtained from the bank and kept by the servicing disbursing office as a record of payment.

c. The ROK Tax Form 21 (Summary of Withholding Income Tax) will be prepared in duplicate as required. The original completed form will be submitted to the servicing area tax office, and the duplicate will be retained by the payroll office.

14. Local Tax Remittance

Each month, each servicing KN payroll office will pay the local tax payment by EFT, or a check denominated in Korean won. Each check will be annotated with the words "For Local Tax" and will be remitted to the account of the Pyeongtaek City Hall at the Nonghyup Bank Pyeongtaek-si County Office, Pyeongtaeksicheong subbranch, 245 Gyeonggi-daero, Pyeongtaek-si, Gyeonggi-do, Korea NLT the 10th day of the month following the month in which the local tax is withheld.

a. The local tax deposit form will be used for depositing the local tax remittance. A copy of the certified form will be obtained from the bank and retained in the payer office as a record of payment.

b. A copy of a summary of local tax withheld (which includes the place of employment, number of taxpayers, tax base, and the amount of local tax withheld for each respective city or county per pay period covering regular pay, bonuses, and severance pay) will be forwarded to the Pyeongtaek City Hall, Pyeongtaek-si, Gyeonggi-do, Korea. The required format is provided in Appendix A.

Enclosure C

15. Year-End (and "Upon Separation") Reconciliation of Tax Liability

Each KN payroll office will ensure compliance with the following requirements.

a. For each employee who remained on the payroll through the last workday of a year, the annual tax amount on the employee's taxable earned income for that tax year will be recomputed prior to the final payment for that tax year's earnings. For each employee separated prior to the last workday of a year, the tax amount on the employee's taxable earned income for that year will be computed prior to the final payment to the employee.

b. Determination factors. The reconciliation will be based on the total amount of taxable earned income at the close of each tax year or upon separation, the employee's withholding allowance certificate, and the claim documents for tax credits submitted by each employee.

c. ROK Tax Form 24 (1), Receipt of Tax Withholding for Earned Income. Three copies of the current ROK Tax Form 24 (1) will be prepared IAW the instructions of the ROK NTS. The completed ROK Tax Form 24 (1) will be distributed as follows.

(1) The first copy will be furnished to each KN employee NLT the date specified each year by the ROK NTS Guidance. For each KN employee separated during the current tax year, the completed ROK Tax Form 24 (1) will be furnished to the employee upon separation or NLT 30 days thereafter.

(2) The second copy will be retained by the servicing payroll office for five (5) years after the related tax year.

(3) The third copy will be submitted to the servicing area NTS office NLT the date specified each year by the ROK NTS Guidance.

d. Net amount of tax due or refund. The net amount of tax due or to be refunded as determined by the subject tax reconciliations will be processed as follows.

(1) Refund to employee. If the total tax withholdings from earlier in the applicable year exceed the total annual tax to be paid by the employee, the excess will be refunded to the employee at a later date as agreed upon between the NTS and the applicable payroll office.

(2) Tax due from reconciliation. If the amount of tax withholdings from earlier in the applicable year was less than the annual tax to be paid by the employee, the shortfall will be deducted from the employee's pay after the tax reconciliation is completed.

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16. Reconciliation Formulas

Related procedures for separated employees are outlined in paragraph 16c below. Each year as early as possible for the most recently concluded year and early enough to meet all related deadlines issued by the NTS, each KN payroll office will perform tax reconciliations to determine the additional national and local income taxes to be withheld from (or refunded to) each serviced employee. This will be done IAW the following procedures for each serviced employee.

a. Reconciliation for national income tax.

(1) (1) The gross taxable income, less the total necessary expense deductions allowed per tax year, equals the adjusted earned income.

(2) The adjusted earned income, less the total income deductions allowed per tax year (but not more than the amount of adjusted earned income), equals the tax base.

(3) The tax base, multiplied by the applicable annual tax rate (determined as outlined in paragraph 10 above), less the offset amount (if applicable), equals the computed tax amount.

(4) The computed tax amount, less the total tax credits allowed per tax year, equals the gross annual income tax.

(5) The gross annual income tax, less the total income tax withheld by previous employer (if applicable), equals the annual income tax to be withheld by present employer.

(6) The annual income tax to be withheld by present employer, less the total income tax withheld by the present employer during the preceding pay periods of the applicable year, equals the net national income tax to be withheld or to be refunded at the year-end reconciliation or upon separation.

b. Reconciliation for local income tax.

(1) The gross annual income tax, multiplied by the local tax rate, equals the gross annual local tax.

(2) The gross annual local tax, less the total local tax withheld by previous employer (if applicable), equals the annual local tax to be withheld by present employer.

(3) The annual local tax to be withheld by present employer, less the total local tax withheld by present employer during the preceding pay periods, equals the net local tax to be withheld or to be refunded from year-end reconciliation.

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c. Tax reconciliations for employee separations (excluding tax on severance pay). Note that each KN payroll office would also apply procedures similar to those outlined in paragraphs 16a and 16b above for each KN employee separated prior to the last pay period of a year when that employee separation would involve the termination of services by the KN payroll office. The procedural differences are summarized below.

(1) The tax reconciliation would be based on the data for the applicable year up to the last day of the subject employment (excluding the related severance payment).

(2) The related additional national and local taxes, if any, would be paid to the NTS and the local tax offices respectively NLT the 10th day of the month following the month in which the taxes were withheld from the employee's pay.

17. Computation of Tax on Severance Pay

a. The annual income tax rates prescribed in Article 55 of the ROK Income Tax Act will be used in computing income tax on each KN employee's severance pay.

b. An amount prescribed in Article 48 of the ROK Income Tax Act shall be deducted from the employee's gross severance pay.

c. IAW Memorandum, HQ, USFK, Office of the Civilian Personnel Directorate, FKCP, 29 November 2023, subject: Transfer of Annual Severance Pay to Individual Retirement Pension Accounts for USFK Korean employees, if employees elect to participate in the Individual Retirement Pension (IRP) plan and their annual severance pay directly transferred to IRP accounts, the payroll offices will not withhold retirement income tax from the severance pay. Employees will defer the tax payment until they become eligible to receive pension under the IRP plan.

d. ROK Tax Form 24 (2), Receipt of Tax Withholding for Retirement Income. Three copies of the current ROK Tax Form 24 (2) will be prepared IAW the instructions of the ROK NTS. The completed ROK Tax Form 24 (2) will be distributed as follows.

(1) The first copy will be furnished to each KN employee within 30 days after the payment or separation.

(2) The second copy will be retained by the servicing payroll office for five (5) years from the end of the related tax year.

(3) The third copy will be submitted to the servicing area tax office NLT the date specified each year by the ROK NTS Guidance.

18. Taxes on Severance Pay

If a KN employee receives severance pay more than twice during the same tax year, the severance pay deductions will only be applied once to the amount of severance pay

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earned during that tax year. The following procedures apply when a KN employee's separation involves the termination of services by a particular KN payroll office. For each applicable severance payment, the servicing KN payroll office will perform a tax reconciliation to determine whether additional national and local income taxes need be withheld from, or refunded to, the employee in connection with the severance payment. This will be done IAW the following procedures for each applicable severance payment.

a. Income tax formula.

(1) The gross severance pay, less the deductions prescribed in Article 48 of the ROK Income Tax Act, equals the tax base.

(2) The tax base, multiplied by the tax rate prescribed in Article 55 of the ROK Income Tax Act.

(3) Divide the amount calculated in paragraph 18a (2) above by 12. Then, multiply it by the number of years worked

(4) The computed tax amount, less the savings tax credit (if applicable), equals the income tax on severance pay.

(5) The income tax on severance pay, less the total income tax withheld by the previous employer (if applicable), equals the net income tax to be withheld from severance pay.

b. Local tax formula on severance pay.

(1) The income tax, multiplied by the local tax rate IAW Article 103 (13) of the ROK Local Tax Act, equals the local tax on severance pay.

(2) The local tax, less the total local tax withheld by the previous employer (if applicable), equals the net local tax to be withheld from severance pay.

19. Income Tax Table

The simplified ROK income tax table will be obtained from the ROK NTS by each withholding agent (if required) and utilized to determine the amount of income tax for employees who are paid on a monthly basis.

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APPENDIX A TO ENCLOSURE C
FORMATE FOR SUMMARY OF LOCAL TAX WITHHELD

WITHHOLDING AGENT'S LETTERHEAD

Office Symbol

DATE

SUBJECT: Summary of Local Tax Withheld

The Pyeongtaek City Hall,
Gyeonggi-daero, Pyeongtaek-si,
Gyeonggi-do, Korea, Postal Service Code No. (Korean ZIP Code: 17901)

Forwarded herewith is a summary of local tax withheld from the compensation
(regular pay, bonus, or severance pay) of USFK KN employees for the pay period
from _____ to
_____.

PLACE OF EMPLOYMENT (CITY OR COUNTY)	NUMBER OF TAXPAYERS	TAX BASE (INCOME TAX)	AMOUNT OF LOCAL TAX
SEOUL CITY			
INCHEON BUPYEONG-GU, INCHEON CITY			
SUWON CITY, GYEONGGI-DO			
UIJEONGBU CITY, GYEONGGI-DO			
DONGDUCHEON CITY, GYEONGGI-DO			
SEONGNAM CITY, GYEONGGI-DO			
PYEONGTAEK CITY, GYEONGGI-DO			
YONGIN CITY, GYEONGGI-DO			
PAJU CITY, GYEONGGI-DO			
SONGTAN CITY, GYEONGGI-DO			
POCHEON, GYEONGGI-DO			
GOSEONG-GUN, GANGWON-DO			
GUNSAN CITY, JEOLABUK-DO			
DAEGU CITY NAM-GU, GYEONGSANGBUK-DO			
POHANG CITY, GYEONGSANGBUK-DO			
CHILGOK GUN, GYEONGSANGBUK-DO			
YEONGCHEON CITY, GYEONGSANGBUK-DO			
GIMCHEON CITY, GYEONGSANGBUK-DO			
BUSAN CITY DONG-GU, GYEONGSANGNAM-DO			
CHANGWON JINHAE-GU, GYEONGSANGNAM-DO			

CHANGWON UICHANG-GU, GYEONGSANGNAM-DO			
GIMHAE CITY, GYEONGSANGNAM-DO			
GWANGJU CITY, JEOLANAM-DO			
TOTAL:			

Signature of Payroll Certifying Officer

ENCLOSURE D
KOREAN NATIONAL PENSION PLAN (KNPP)

1. Authority

The authority for eligible KN employees (as defined in paragraph 2 below) to participate in the KNPP is contained in the Memorandum, U.S. Assistant Secretary of Defense, 8 December 1987, subject: Korean National Pension Plan for U.S. Forces Korea Employees and USFKI 1400.01, Enclosure A, paragraph 2.

2. Eligibility

Employees aged 18 to 59 are eligible to participate in the KNPP except for the following employees: (i) temporary employees on appointments for less than one month, (ii) part-time employees working less than 60 hours per month, and (iii) personal-hire employees (see definition in the glossary).

3. Responsibilities

a. The servicing CPO will:

(1) Determine KNPP eligibility for each serviced KN employee. When in-processing an eligible new KN employee or when a formerly ineligible KN employee obtains eligibility for the KNPP, the servicing CPO will complete the KNPP forms IAW the instructions provided; and provide the original and one copy of the completed forms to the employee's servicing payroll office.

(2) Provide an original and one copy of the completed KNPP forms to the servicing payroll office for any individual separated from employment.

(3) When applicable, notify each losing and gaining KN payroll office when a KN employee is transferred from one entity to another, or when a KN employee is transferred from an APF activity to a NAF activity (or vice versa).

b. The servicing KN payroll office will:

(1) Ensure all information on the KNPP forms is accurate. Submit the original, completed forms to the National Pension Corporation (NPC) and retain copies of those documents in the payroll office.

(2) Ensure that beginning with the first pay period after a KN employee is enrolled in the KNPP, the payroll office deducts the appropriate amount of monthly KNPP premiums from the employee's pay and collects the matching monthly employer's KNPP contributions

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(3) Pay KNPP premiums based on the monthly bills issued by the NPC and ensure those monthly insurance premiums are paid by the 10th calendar day of the following month.

(4) When applicable for any reporting month, provide the NPC a report of KN employees who are in a non-pay status and/or reinstated to a pay status.

(5) For each KN employee who terminates employment prior to reaching age 60, ensure the employee's last pension premium withholding is for the month the related SF 50 (Notification of Personnel Action) indicates the employee terminated employment. Otherwise, an employee's last pension premium withholding will be for the month in which he/she reaches age 60. **Exception:** If employee's 60th birthday (or last workday shown on SF 50) falls on the 1st day of the month, the employee's last pension premium withholding will be for the previous month. **Example 1:** If the employee's 60th birthday (or last workday shown on SF 50) is between 2 and 31 July, the last pension premium withholding for employee would be for the month of July (and be paid in August). **Example 2:** If the employee's 60th birthday (or last workday shown on SF 50) is 1 July, the last pension premium withholding for employee would be for the month of June.

4. Premiums

a. The KNPP premium rates are established at the ROK National Pension Act. Korean national payroll offices will apply any KNPP premium rate changes when they occur. When the rates are changed, the CPD will issue a memorandum to announce the new rates and the effective date of the rate changes.

b. The following processes are conducted annually, as applicable, to determine the fixed monthly KNPP premium to be paid for the ensuing 12-month period from July to June.

(1) For each employee who has been serviced by the same KN payroll office throughout the previous tax year and has not changed payroll office, the employee's monthly KNPP premium is computed based on the employee's average monthly taxable earned income from the previous tax year and the National Pension Plan standard monthly wage and premium table.

(2) For all other employees, each KN payroll office will determine an estimated monthly taxable earned income based on the employee's current step and grade. Then, the employee's monthly KNPP premium will be computed based on the employee's estimated average monthly taxable earned income and the National Pension Plan standard monthly wage and premium table.

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ENCLOSURE E
NATIONAL HEALTH INSURANCE PLAN (NHIP)

1. Authority

The authority for eligible KN employees (as defined in paragraph 2 below) to participate in the NHIP is contained in USFKI 1400.01, Enclosure A, paragraph 2 and Memorandum, HQ, USFK, FKCS, 10 December 2001, subject: Procedures for Implementation of the ROK National Health Insurance Plan.

2. Eligibility

Except as noted below, all KN employees are covered under the NHIP. **Exceptions:** The following employees are not eligible for the NHIP: (i) KN employees appointed for less than one month or working less than 60 hours per month, and (ii) personal-hire employees (see definition in the glossary)

3. Responsibilities

a. The servicing CPO will:

(1) Determine NHIP eligibility for each serviced KN employee. When in-processing a new employee who is eligible for the NHIP or when a KN employee obtains NHIP eligibility, the CPO will annotate the employee's NHIP eligibility in the REMARKS section of the SF 50 and submit the completed SF 50 to the servicing payroll office.

(2) Prepare and forward the applicable National Health Insurance Service (NHIS) form to the NHIS for each employee who has newly obtained or lost NHIP eligibility. When a KN employee is transferred from one entity to another, or when a KN employee is transferred from an APF activity to a NAF activity (or vice versa), the gaining CPO will prepare reports for the new appointment, and the losing CPO will prepare reports for the termination of employment.

b. The servicing KN payroll office will:

(1) Ensure that beginning with the first pay period after each KN employee is enrolled in the NHIP, the payroll office deducts the correct amount of monthly NHIP premiums from the employee's pay and collects the matching monthly employer's NHIP contributions.

(2) Pay the employee and employer NHIP contributions for each month NLT the 25th calendar day of the following month by depositing those funds into the designated bank account of the NHIS.

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(3) Remit monthly NHIP premiums with the following information at the individual employee level and the aggregate level for all serviced KN employees.

- (a) ROK ID number.
- (b) Employee's Name.
- (c) Total Taxable Earned Income.
- (d) NHIP Premium (employee deductions).
- (e) NHIP Premium (employer contributions).
- (f) Total NHIP Premium.
- (g) Long-Term Care Insurance Plan (LTCIP) Premium, employee deductions (Note: the LTCIP is covered in ENCLOSURE F).
- (h) LTCIP Premium, employer contributions.
- (i) Total LTCIP premium.
- (j) Grand total.

4. Premiums

The NHIP premium percentage rates are established under the Enforcement Decree of the ROK National Health Insurance Act. When the NHIP premium percentage rate is updated, the CPD will issue a memorandum to announce the new rate and the effective date of the rate change. Korean National payroll offices will apply NHIP premium percentage rate changes immediately upon implementation. Each KN employee's monthly NHIP premium deductions and the matching employer contributions are computed by multiplying the employee's monthly taxable earned income by the applicable NHIP premium percentage.

ENCLOSURE F
LONG-TERM CARE INSURANCE PLAN (LTCIP)

1. Authority

The authority for eligible KN employees (as defined in paragraph 2 below) to participate in the LTCIP is contained in USFKI 1400.01, Enclosure A, paragraph 2 and the 'Memorandum, HQ, USFK, FKCP-LPM, 31 March 2008, subject: USFK Participation in the ROK Long-Term Care Insurance for the Elderly (LTCI)'.

2. Eligibility

All KN employees participating in the Korean NHIP, discussed in ENCLOSURE E, are automatically covered by the LTCIP.

3. Responsibilities

a. The related servicing CPO responsibilities are outlined in ENCLOSURE E, paragraph 3a.

b. Each servicing KN payroll office will:

(1) Ensure that beginning with the first pay period after a KN employee is enrolled in the LTCIP, the payroll office deducts the correct amount of monthly LTCIP premiums from the employee's pay and collects the matching monthly employer's LTCIP contributions.

(2) Pay the employee and employer LTCIP contributions for each month NLT the 25th calendar day of the following month by depositing those funds into the designated bank account of the NHIS.

Note: As outlined in Enclosure E, paragraph 3b (3) of this manual, the remittance record for the NHIP will also outline the monthly employees' and employers' LTCIP contributions.

4. Premiums

The LTCIP premium percentage rates are established under the Enforcement Decree of the ROK Act on LTCIP for the Aged. Korean national payroll offices will apply changes to the LTCIP premium percentage rate changes when they occur. When the LTCIP premium percentage rate is updated, CPD will issue a memorandum to announce the new rate and the effective date of the rate change. Each KN employee's monthly LTCIP premium deductions and the matching employer contributions are computed by multiplying the employee's monthly taxable earned income by the applicable LTCIP premium percentage.

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ENCLOSURE G
EMPLOYMENT INSURANCE PLAN (EIP)

1. Authority

The authority for eligible KN employees (as defined in paragraph 2 below) to participate in the EIP is contained in USFKI 1400.01, Enclosure A, paragraph 2 and the 'Memorandum of Agreement between USFK and KEU dated 12 August 1997' and 'Procedures Concerning United States Forces Korea Participation in the ROK Employment Insurance Plan as approved by the SOFA Joint Committee on 6 March 1998'.

2. Eligibility

All KN employees are enrolled in the EIP with the following exclusions: (i) employees who are employed after the age of 65 (except for employment security and vocational ability development programs), and (ii) employees working less than 60 hours a month (or less than 15 hours a week).

3. Responsibilities

a. The servicing CPO will:

(1) Determine EIP eligibility for each serviced KN employee. When in-processing an eligible new KN employee or when a formerly ineligible KN employee obtains EIP eligibility, annotate the employee's EIP eligibility in the REMARKS section of the SF 50 and submit the completed SF 50 to the servicing payroll office.

(2) IAW Article 7 of the Employment Insurance Act (EIA) Enforcement Decree, prepare and forward the applicable EIP reports and forms to the servicing ROK Employment Center NLT the 15th day of the month following the month the KN employee was hired or became EIP eligible.

(a) Comply with the following requirements, as applicable When an employee terminates employment and the employee does not wish to request unemployment benefits, the servicing CPO will complete the applicable form for the employee's loss of EIP eligibility and submit the completed form to the servicing Employment Center NLT the 15th day of the month following the month of the termination IAW Article 7 of the EIA Enforcement Decree.

(b) When an employee terminates employment and the employee wishes to request unemployment benefits, the servicing CPO will complete the applicable EIP form, including payroll data obtained from the servicing payroll office, and forward it to both the employee and the servicing Employment Center NLT the 15th day of the month following the month of the termination, as required by Article 7 of the EIA Enforcement Decree.

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(c) When a KN employee is transferred from one CPO to another CPO, the gaining CPO will prepare the applicable EIP form for the new appointment; and the losing CPO will prepare the applicable EIP form for termination of employment. The CPOs must provide the completed form to the servicing ROK Employment Center within 14 days of the employee's transfer, as required by Article 9 of the EIA Enforcement Decree.

(3) For any request(s) for subsidies under the Vocational Ability Development Program (VADP), prepare the request(s) for submission to the servicing local Ministry of Employment and Labor (MOE&L) office, or assist the organization(s) conducting the training in the preparation of the request(s) for VADP subsidies. CPOs will submit the request(s) to the Civilian Personnel Director (CPD) and the CPD will, in turn, submit the request(s) to the servicing local MOE&L office. After the CPD submits the request(s) for subsidies to the servicing local MOE&L office, a copy of each request with each applicable employer's Line of Accounting (LOA) will be forwarded to the servicing disbursing office for processing of the related cash collection voucher.

b. The servicing KN payroll office will:

(1) Ensure that beginning with the first pay period for each new KN employee who is eligible for the EIP, the payroll office (i) deducts the appropriate amount of monthly EIP premiums for the Unemployment Benefits Program (UBP) from employee's pay and collects the matching monthly employer's EIP contributions, and (ii) collects the appropriate amount of premiums for the Employment Security Program (ESP) and the VADP from the applicable employers.

(2) Pay the EIP premiums and meet the additional related requirements as specified in paragraph 4.

(3) For any request(s) for subsidies under the ESP, submit the request(s) to the servicing local MOE&L office (if applicable). A copy of each request with each applicable employer's LOA will be forwarded to the servicing disbursing office for processing of the related cash collection voucher.

(4) Provide required payroll data to KN employees who wish to submit requests for EIP benefits (e.g., unemployment benefits, or subsidies for maternity leave) to the servicing local MOE&L office.

4. Premiums

a. The premium for the UBP will be shared equally by the participating employees and their employers; and the premiums for the ESP and the VADP will be paid by the employers. IAW ci guidance and Article 16, 16(2) and 16(3) of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance, all KN payroll offices will pay EIP premiums IAW the instructions provided by the CPD.

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b. The COMWEL, whose authority is delegated by the MOE&L shall impose premium every month based on actual monthly remuneration paid to employees IAW relevant ROK laws, and NHIS collects them.

c. Payroll offices shall pay the premium specified above in paragraph 4(b) before the 10th day of the second following month.

d. Payroll offices shall submit monthly data on individual employee's remuneration to the COMWEL before the 10th day of the following month. Based on the submitted data, the COMWEL calculates and imposes monthly premiums. The NHIS shall notify the payroll offices of the amount of insurance premium at least 10 days before the payment due.

e. Payroll offices shall submit the annual data on individual employees' wages, which is also submitted to NTS, to the COMWEL by March 15 of the following year. If the total amount differs from the total amount of wages actually paid and submitted by the payroll offices every month, the COMWEL will reconcile the difference and reflect it in the April insurance premium.

f. When the insurance premium paid by the payroll offices exceeds the amount of the insurance premium calculated according to the procedures stated in paragraph 4(e), the NHIS shall return the excess amount to the payroll offices. Conversely, if the amount is insufficient, the NHIS shall add the shortfall to the April insurance premium and collect it from the payroll offices.

g. The premium rates for EIP programs are established in the Enforcement Decree of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance. The KN payroll offices shall apply EIP premium rate changes when they occur.

h. When the premium rates are changed, CPD will issue a memorandum announcing the premium rate changes and their effective date.

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ENCLOSURE H
INDUSTRIAL ACCIDENT COMPENSATION INSURANCE PLAN (IACIP)

1. Authority

The authority for eligible KN employees (as defined in paragraph 2 below) to participate in the IACIP is contained in USFKI 1400.01, Enclosure A, paragraph 2, 'Memorandum, HQ, Eighth U.S. Army, EAGA-CP-SES, 16 December 2004, subject: Implementation of the Industrial Accident Compensation Insurance Plan for USFK Korean National (KN) Employees' and 'Procedures Concerning United States Forces Korea Participation in the ROK Industrial Accident Compensation Insurance (IACI) Plan for Korean National Employees approved by the SOFA Joint Committee on 7 December 2004'.

2. Eligibility

IAW 'Procedures Concerning United States Forces Korea Participation in the ROK Industrial Accident Compensation Insurance (IACI) Plan for Korean National Employees approved by the SOFA Joint Committee on 7 December 2004', all USFK APF and NAF KN employees (including KSC members) will be covered by the IACIP; and USFK invited contractors will provide IACIP coverage for their employees separately from the USFK plan following the procedures outlined in 'Procedures Concerning United States Forces Korea Participation in the ROK Industrial Accident Compensation Insurance (IACI) Plan for Korean National Employees approved by the SOFA Joint Committee on 7 December 2004'.

3. Responsibilities

a. The servicing CPO will:

(1) IAW USFKI 1400.01, train supervisors in the compensation claims process so that supervisors can counsel and assist their employees on eligibility and procedures for filing claims.

(2) Review and certify each submitted IACIP benefits request form and retain one copy of the completed form and any required supporting documents in the respective employee's IACIP case file. These records may be used to determine periodic IACIP premium rate changes based on historical IACIP claims.

(3) IAW Article 16-10 of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance, prepare and forward the applicable IACIP reports and forms to the servicing Korea Workers' Compensation & Welfare Service (COMWEL) regional office NLT the 15th day of the month following the month the KN employee was hired.

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(4) Comply with the following requirements, as applicable.

(a) When an employee terminates employment, the servicing CPO will complete the applicable form for the employee's loss of IACIP eligibility and submit the completed form to the servicing COMWEL regional office NLT the 15th day of the month following the month of the termination IAW Article 16 of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance.

(b) When a KN employee is transferred from one CPO to another CPO, the gaining CPO will prepare the applicable IACIP form for the new appointment; and the losing CPO will prepare the applicable IACIP form for termination of employment. CPOs must provide the completed form to the servicing ROK COMWEL regional office within 14 days of transfer of the employee, as required by Article 16 of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance.

b. The servicing KN payroll office will:

(1) Provide information and assistance to KN employees and their supervisors in filling out requests for IACIP benefits.

(2) Ensure that beginning with the first pay period after a KN employee is employed, the payroll office collects the appropriate amount of monthly employer IACIP contributions for the employee.

(3) Pay the IACIP premiums and meet the additional related requirements as outlined in paragraph 4.

4. Premiums

a. Only employing agencies will pay IACIP premiums. Therefore, KN payroll offices will not collect IACIP premiums from the pay of KN employees. IAW CPD Guidance and 'Article 16 of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance', all KN payroll offices will pay IACIP premiums IAW the applicable instructions provided by the CPD.

b. Premium Rate: (1) Basic Rate: Upon consideration of the most recent version of 'Article 13 of the Enforcement Decree of the Act on the Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance', the SOFA Labor Subcommittee establishes IACIP premium rates for KN employees. When the rates are changed, the CPD will issue a memorandum to announce the new rates and the effective date of the rate changes. (2) Final Application Rate: The Korea Labor Welfare Corporation provides the final application rate annually or as necessary with a discount or surcharge applied to the basic rate. The KN payroll offices will apply IACIP premium rate changes when they occur.

c. The premium collection and payments for the IACIP will be made following procedures stated ENCLOSURE G-4b through f.

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ENCLOSURE I
RETIREMENT INSURANCE SAVING INSTALLMENTS

1. Authority

The authority for KN employees to participate in the retirement insurance savings plan is outlined in 'Memorandum, HQ, USFK, Office of the Civilian Personnel Director, CPD, 19 November 1982, subject: Change to Payment Procedure and Payroll Deduction Services for Group Insurance Retirement Savings Installments'.

2. Eligibility

All KN employees specified in applicability may participate in the retirement insurance savings plan at their option.

3. Retirement Insurance Savings Plan

Participation in the retirement insurance savings plan is voluntary.

a. KN employees who desire to participate in the retirement insurance savings plan will personally contract with the Hanwha Life Insurance Company.

(1) The effective date of the contract will be the date when the first monthly or annual installment is deposited to the insurance company.

(2) The contract for the retirement insurance savings plan signed by a participant will remain valid until contract maturity or termination.

b. Each KN employee who participates in the retirement insurance savings plan will complete an authorization form (Request and Authorization for Voluntary Allotment of Retirement Insurance Savings Installment) in duplicate. The authorization forms can be obtained from the Hanwha Life Insurance Company.

(1) The participant will submit the original authorization form, endorsed by the insurance company, to the servicing KN payroll office.

(2) The insurance company will maintain the duplicate.

4. Payroll Deduction of Installments

The servicing KN payroll office will deduct the amount of monthly or annual installments from the participant's regular pay or severance pay, as applicable.

a. The monthly deduction from the regular pay will be effective the first full pay period after receipt of the participant's authorization form in the servicing KN payroll office.

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b. The annual deduction from the severance pay will be effective the first annual cutoff date after receipt of the participant's authorization form in the servicing KN payroll office.

- (1) Name of the servicing payroll office and date.
- (2) Pay group, payroll number, and account number.
- (3) Pay period.
- (4) Employee's name.
- (5) Policy number.
- (6) Individual amount of savings allotment deducted.
- (7) Number of deductions.
- (8) Separation date, if applicable

ENCLOSURE J
VOLUNTARY UNION DUES ALLOTMENTS

1. Authority

The authority for KN payroll offices to withhold union dues from USFK Korean Employee Union (KEU) members' pay is outlined in 'Article 15 of the Labor Management Agreement between USFK and USFK KEU. Each servicing payroll office will have on file a copy of the current labor and management agreement.

2. Eligibility

USFK KEU members desiring to have union dues deducted from their pay may at any time, complete and sign the appropriate portions of the union dues allotment authorization form (Request and Authorization for Volunteer Allotment of Compensation Payment of Employee Organization Dues) which can be obtained from the USFK KEU. When a USFK KEU member desires to have his/her union dues deducted from his/her pay:

a. The KEU member will forward or deliver the properly completed union dues allotment authorization form, certified by the designated officials of the union, to the servicing CPO.

(1) The servicing CPO will transmit the completed authorization form to the servicing KN payroll office within three (3) workdays after receipt.

(2) The servicing KN payroll office will begin deducting the union dues for the first full pay period after the completed authorization form is received in the payroll office from the servicing CPO.

b. An employee who authorized deductions of union dues may request revocation of deductions at any time by submitting a completed USFK Form 101EK (Cancellation of Payroll Deductions for Labor Organization Dues) or other written request in triplicate and submitting it to the servicing CPO.

(1) The CPO will transmit one copy of the revocation request to the KEU within three (3) workdays after receipt and IAW 'Article 15 of the Labor Management Agreement between USFK and USFK KEU send two copies to the servicing KN payroll office 2 weeks after the date the CPO receives the revocation request.

(2) The servicing KN payroll office will discontinue the deductions of union dues from the employee's pay at the beginning of the third full pay period from the time the revocation request is received in the servicing KN payroll office (**Example:** On 15 Sep the revocation request is received in the servicing payroll office, 1 Oct is beginning of 1st subsequent full pay period, 1 Nov is beginning of 2nd subsequent full pay period,

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and 1 Dec is beginning of 3rd subsequent full pay period. So, the responsible KN payroll office would stop the employee's union deductions as of 1 Dec).

c. The responsible USFK KN payroll office will terminate an allotment for union dues when a KN employee is separated from employment, except when the employee transfer or reassignment would not involve changing the employee from one servicing USFK payroll office to another. See paragraphs 3d and 3e below for applicable guidance when a USFK KN employee's transfer or reassignment involves changing the employee from one servicing USFK payroll office to another.

d. Union dues allotments will also be terminated based on receipt of written notification from the KEU that the employee has resigned or has been suspended/expelled from the KEU. IAW 'Article 15 of the Labor Management Agreement between USFK and USFK KEU, termination of union dues allotments in this case will be effective the first full pay period after receipt of the notification in the payroll office.

3. Union Dues Deduction

IAW Memorandum, HQ, USFK, Office of the Civilian Personnel Directorate, FKCP, 8 December 2020, subject: Change in Voluntary Union Dues Allotment, the formula for calculating union dues is $0.0075 \times$ the union member's actual worked regular hours of each month. Regular hours do not include Extended Workweek (EW), Overtime, Night Duty, and Holiday Work. Regular hours include Base Pay + CAP + PIK + BA.

a. Changes in the amount of union dues because of wage adjustments (for example, for annual wage increases, changes in pay grade levels, or movement of positions between different wage schedules) will be put into effect in the first pay period after the effective date of the wage adjustment.

b. The employee will not be required to resubmit a union dues allotment authorization form if the employee's transfer or reassignment would not involve changing the employee's servicing USFK payroll office from one to another, or to implement changes in the union bylaws.

c. When a KN employee is transferred or reassigned between USFK activities that have different servicing KN payroll offices, the losing payroll office will forward the related union dues allotment authorization form to the gaining payroll office.

d. The CPO processing a personnel action that would involve changing the employee's servicing USFK payroll office from one to another will enter in the remarks section of the personnel action, one of the following statements, as applicable.

(1) Comments if Personnel Action Prepared by Losing CPO. INSTRUCTIONS TO PAYROLL OFFICE: Deduction of union dues will be continued. The union dues allotment authorization form must be transferred to (gaining payroll office).

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12 February 2025

(2) Comments if Personnel Action Prepared by Gaining CPO. INSTRUCTIONS TO PAYROLL OFFICE: Deduction of union dues will be continued. The union dues allotment authorization form must be transferred from (losing payroll office).

e. The losing KN payroll office will forward the related union dues allotment authorization form within 3 workdays after receipt of the personnel action. The gaining KN payroll office will deduct union dues effective the first full pay period after the date the union dues allotment authorization form is received in the payroll office from the losing payroll office.

4. Remittance of Dues

The total amount of union dues withheld will be transmitted by the withholding agent to the union NLT 40 working days from the close of each pay period.

a. The remittance of union dues will be made by electronic deposit or check for Korean won, as appropriate, to the USFK KEU bank account designated by the KEU.

b. All withholding agents will prepare and submit to the KEU a list reflecting the name of the activity, each employee's name, the amount of union dues deducted from each employee, and the total amount remitted to the KEU for every pay period.

Enclosure J

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Enclosure J

ENCLOSURE K
REFERENCES

1. Required Publications

a. Department of Defense Financial Management Regulation (DODFMR), Volume 8, Civilian Pay Policy and Procedures, Chapter 8, Underpayments and collection of Non-DoD debts by salary offset. (Enclosure A.4d(1))

b. Title 42 USC 659. (Enclosure A.4d(2))

c. Memorandum, HQ, USFK, Office of the Civilian Personnel Director, CPJ, 19 November 1982, subject: Change to Payment Procedure and Payroll Deduction Services for Group Insurance Retirement Savings Installments. (Enclosure B.1 and Enclosure I.1)

d. Article XVII, paragraph 3 of the Agreed Minutes to the Status of Forces Agreement (SOFA) between the United States of America and the ROK, signed July 9, 1966. (Enclosure C.1)

e. Memorandum, HQ, USFK, Office of the Civilian Personnel Director, FKCP, 29 November 2023, subject: Transfer of Annual Severance Pay to Individual Retirement Pension Accounts for USFK Korean employees. (Enclosure C.17.c)

f. Memorandum, HQ, USFK, Office of the Civilian Personnel Director, FKCP, 8 December 2020, subject: Change in Voluntary Union Dues Allotment. (Enclosure J.3)

g. Article 12 of the ROK Income Tax Act. (Enclosure C.5, and C.6)

h. Article 55 of the ROK Income Tax Act. (Enclosure C.10), (Enclosure C.17.a) and Enclosure C.18.a(2).

i. Article 103 (13) of the ROK Local Tax Act. (Enclosure C.12.a, and Enclosure C.18.b(1))

j. Article 48 of the ROK Income Tax Act. (Enclosure C.17.b), and Enclosure C.18.a(1)

k. Memorandum, U.S. Assistant Secretary of Defense, 8 December 1987, subject: Korean National Pension Plan for U.S. Forces Korea Employees. (Enclosure D.1)

l. Memorandum, HQ, USFK, FKCS, 10 December 2001, subject: Procedures for Implementation of the ROK National Health Insurance Plan (NHIP). (Enclosure E.1)

m. Memorandum, HQ, USFK, FKCP, 31 March 2008, subject: USFK Participation in the ROK Long-Term Care Insurance for the Elderly (LTCI). (Enclosure F.1)

Enclosure K

- n. Memorandum of Agreement between USFK and KEU dated 12 August 1997 and Procedures Concerning United States Forces Korea Participation in the ROK Employment Insurance Plan as approved by the SOFA Joint Committee on 6 March 1998. (Enclosure G.1)
- o. Memorandum, FKCP, 11 December 2013, subject: Changes to Employment Insurance Plan (EIP) Premium Payment Procedures for USFK Korean Employees. (Enclosure G.2.a, Enclosure G.2.b)
- p. Article 7 of the Employment Insurance Act (EIA) Enforcement Decree. (Enclosure G.3.a.(3)(a)(b))
- q. Article 9 of the EIA Enforcement Decree. (Enclosure G.3.a(3)(a)).
- r. Article 16 of the Act on Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance. (Enclosure G.4.a, Enclosure H.3.a(3), Enclosure H.3.a(4)(a)(b)(c), Enclosure H.4.a)
- s. Memorandum, HQ, Eighth U.S. Army, EAGA-CP-SES, 16 December 2004, subject: Implementation of the Industrial Accident Compensation Insurance Plan for USFK Korean National (KN) Employees. (Enclosure H.1)
- t. Procedures Concerning United States Forces Korea Participation in the ROK Industrial Accident Compensation Insurance (IACI) Plan for Korean National Employees approved by the SOFA Joint Committee on 7 December 2004. (Enclosure H.1 and Enclosure H.2)
- u. USFKI 1400.01, Civilian Personnel Regulations and Procedures – Korean Nationals. (Enclosure A.4.c(2), Enclosure D.1, Enclosure E.1, Enclosure F.1, Enclosure G.1, Enclosure H.1, Enclosure H.3.a(1)).
- v. Article 13 of the Enforcement Decree of the Act on the Collection, etc. of Premiums for Employment Insurance and Industrial Accident Compensation Insurance. (Enclosure H.4.b)
- w. Article 15 of the Labor Management Agreement between USFK and USFK KEU dated 1 January 2020. (Enclosure J.1, Enclosure J.2.b(1), Enclosure J.2.d).

2. Related Publications

- a. ROK Income Tax Act.
- b. ROK Enforcement Decree of the Income Tax Act.
- c. ROK Enforcement Regulation of the Income Tax Act.

- d. ROK Local Tax Act.
- e. ROK Restriction of Special Taxation Act.
- f. ROK Enforcement Decree of the Restriction of Special Taxation Act.
- g. ROK Enforcement Regulation of the Restriction of Special Taxation Act.
- h. ROK National Pensions Act.
- i. ROK National Health Insurance Act.
- j. ROK Long-Term Care Insurance Act.
- k. ROK Employment Insurance Act.
- l. ROK Industrial Accident Compensation Insurance Act.

3. Prescribed Forms

- a. USFK Form 98EK-E, Statement of Bank Designation and Checking Account. (Enclosure B.2, Enclosure B.2(b))
- b. USFK Form 101EK, Cancellation of Payroll Deductions for Labor Organization Dues (Enclosure J.2.b).

4. Related Forms

- a. DD Form 1131, Cash Collection Voucher. (Enclosure B.3(7))
- b. ROK Tax Form 21, Summary of Withholding Income Tax. (Enclosure C.13.c)
- c. ROK Tax Form 24 (1), Receipt of Tax Withholding for Earned Income. (Enclosure C.4, Enclosure C.4.b(5), Enclosure C.15.c, and Enclosure C.15.c(1), Enclosure C.17.d).
- d. ROK Tax Form 24 (2), Receipt of Tax Withholding for Retirement Income. (Enclosure C.4), Enclosure C.17.d)
- e. ROK Tax Form 37, Report of Exemption & Deduction from Income/Report of Exemption & Deduction from Wage & Salary Income. (Enclosure C.3), Enclosure C.4, Enclosure C.4.a(1), Enclosure C.4.b(1)(2)(4), Enclosure C4.c, Enclosure C.7.b.c).
- f. SF 50, Notification of Personnel Action. (Enclosure C.4.a(1), Enclosure E.3.a(1), Enclosure G.3.a(1)).
- g. SF 1049, Public Voucher for Refund. (Enclosure B.3(7))

Enclosure K

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Enclosure K

GLOSSARY

1. Abbreviations

AAFES	Army and Air Force Exchange Service
AFAS-K	Army Finance and Accounting Services-Korea
APF	Appropriated Fund
ACofS	Assistant Chief of Staff
KN	Korean National
BA	Benefits Allowance
CAP	Consolidated Allowance Payment
COMWEL Service	Korea Workers' Compensation and Welfare
CPD	Civilian Personnel Directorate
CPO	Civilian Personnel Office *
(* Note: In this regulation, the term "Civilian Personnel Office" is used as a generic term referring to all U.S. Army, Navy, and Air Force personnel offices within the ROK.)	
DA	Department of the Army
DHL	Dragon Hill Lodge
DOD	Department of Defense
DODFMR Regulation	Department of Defense Financial Management
EFT	Electronic Fund Transfer
EIA	Employment Insurance Act
EIP	Employment Insurance Plan
ESP	Employment Security Program
EW	Extended Workweek

HIP	Health Insurance Plan
HW	Holiday Work
IACI	Industrial Accident Compensation Insurance
IACIP	Industrial Accident Compensation Insurance Plan
IAW	In Accordance With
ID	Identification
IRP	Individual Retirement Pension
KEU	Korean Employees Union
KN	Korean National
KNPP	Korean National Pension Plan
KNPS	Korean National Pay System
KSC	Korea Service Corps
LOA	Line of Accounting
LTCI	Long-Term Care Insurance
LTCIP	Long-Term Care Insurance Plan
MOE&L	Ministry of Employment and Labor
NAF	Non-Appropriated Fund
ND	Night Shift Differential
NHIS	National Health Insurance Service
NHIP	National Health Insurance Plan
NLT	Not Later Than
NPP	National Pension Plan
NPC	National Pension Corporation

NTS	National Tax Service
OT	Overtime Work
PIK	Payment in Kind
PO	Private Organization
ROK	Republic of Korea
SOFA	Status of Forces Agreement
TDY	Temporary Duty
UBP	Unemployment Benefits Program
U.S.	United States (of America)
USC	United States Code
USFK	United States Forces, Korea
USFKI	United States Forces Korea Instruction
VADP	Vocational Ability Development Program

2. Terms

Earned Income. (i) Salary, pay, remuneration, annual allowance, wage, bonus, allowance, and other benefits of a similar nature, which are received for offering labor; (ii) Income received as a bonus by a resolution at the general meetings of stockholders or partners of a corporation, or similar deliberative organs; (iii) Amount considered as a bonus under the Corporate Tax Act; and (iv) Income received due to retirement, which is not included in the retirement income.

Electronic Funds Transfer. Transfer of employee's wages electronically rather than by check or cash.

Financial Organization. Any bank, savings bank, savings and loan association, or similar institution, and investment trust company.

Global Income. This term means the total amount of asset income, business income, earned income, and other income earned during the respective tax year. It does not include retirement income (a.k.a., severance income).

Income Exemption and Deduction. An amount authorized to be taken from each eligible employee's taxable income for income tax purposes.

Income Tax. The ROK national income tax assessed on taxable income of KN employees by applying the income tax rates prescribed in the ROK Income Tax Law.

Invited Contractor. Persons including corporations organized under the laws of the U.S., present in the ROK solely for the purpose of executing contracts with the U.S. for the benefit of the U.S. Armed Forces; as defined in the ROK-US Status of Forces Agreement, Article XV.

Local Tax. A resident tax known as pro-rata income tax levied as a percentage of the income tax withheld by applying the local tax rate in the ROK Local Tax law.

Nontaxable Income. The types of payment identified in the ROK Income Tax Law, which are not subject to withholding tax.

Private Organizations (POs). A self-sustaining, non-Federal entity, incorporated or unincorporated, which is operated on Army/DOD installations with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Federal Government or its instrumentalities (i.e., United Service Organizations, the American Red Cross, and Credit Unions).

Personal-Hire Employees. Individual DOD members or activities conducting business as private associations, who employ individual KN employees and pay such employees from private funds. Persons so employed are commonly called personal-hire employees.

Regular Pay. All wages and salaries earned on a monthly or a four-week basis during the respective tax year including base pay, overtime (OT), Holiday Work (HW), Night Shift Differential (ND), Occupational Premium (OP), Consolidated Allowance Payment (CAP), Payment in Kind (PIK), Remote Area Allowance (RAA), and Tuition Assistance (TA) for employee's children, except bonuses.

Retirement Income. Severance pay paid to an employee either annually or upon an individual's termination of employment. Retirement income and severance pay are synonymous.

Separated Employee. As used in this regulation the term "separated employee" means an employee separated prior to the last pay period of an applicable year when that employee separation would involve the termination of services by a KN payroll office.

Severance Pay. Retirement income paid to an employee either annually or upon an individual's termination of employment. Severance pay and retirement income are synonymous.

Tax Base. The net amount of an employee's taxable income after subtracting all deductions authorized under the ROK income tax law.

Tax Credit. An amount of deduction authorized from the computed income tax amount for each eligible employee.

Taxable Income. Global income and retirement income which are subject to Korean withholding taxes.

Tax Year. The period beginning 1 January through 31 December of each year for employees paid on a calendar month basis except as provided below.

- a. For employees paid on a 2-week basis, the tax year is from the first payroll payment in January to the last payroll payment in December of each year.
- b. If an employee is separated during the tax year, the separated employee's tax year will be the period from the beginning of the tax year to the last day of employment.

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