

Amendment to the Minimum Wage Act: Expanded Scope

On May 28, 2018, the National Assembly passed amendments to the Minimum Wage Act, which provides the framework to widen the scope of the minimum wage. The amendments are to come into effect as of January 1, 2019.

Under the amended Minimum Wage Act, regular bonuses and cash welfare benefits, such as meal, lodging, and transportation allowances paid on a monthly basis will be counted when calculating minimum wage. The employer who pays regular bonuses and cash welfare benefits can meet the minimum-wage requirement with no or less pay raise, which would not be favorable to employees.

Furthermore, bonuses can be counted when calculating minimum wage by changing the pay period (e.g., from quarterly pay to monthly pay). Generally, a change which is unfavorable to the employees would require the employer to obtain the prior consent of a majority of employers or labor union. However, under the amendments, an employer may change the pay period to meet the minimum wage requirements by only hearing the opinions of employees or labor union.

Accordingly, the amendments may reduce the financial burden faced by employers from the recent increase by widening the wage items included in the scope of the minimum wage.

Should you have any questions with respect to the amendments to the Minimum Wage Act, please feel free to contact us at any time.

Contacts

Young-Seok Ki (Partner)	TEL. +82-2-316-4021	E-Mail. ysgi@shinkim.com
Michael Chang (Senior Foreign Attorney)	TEL. +82-2-316-4653	E-Mail. mchang@shinkim.com
Jong Soo Kim (Partner)	TEL. +82-2-316-1678	E-Mail. jsokim@shinkim.com