



52-Hour Rule Goes into Effect from July 1, 2021 for Businesses with 5 or More Employees

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In 2018, the *Labor Standards Act* (the “LSA”) was amended to restrict an employee’s maximum work hours from 68 hours to 52 hours per week. The amendment provides different dates on which the rule becomes applicable to businesses, depending on the number of their employees.

Starting July 1, 2021, the 52-hour workweek rule will apply to all businesses that have 5 or more employees, and it appears unlikely that the Government will defer enforcement of the rule. Failure to comply with the rule may result in the employer being subject to criminal punishment of up to 2 years in prison, or a fine of up to KRW 20 million.

For businesses with 50 or more employees, the 52-hour workweek rule became effective starting from January 2020. The Government granted one year of deferment for compliance for this group of businesses, so the rule became enforceable for this group from January 2021.

Business Implications:

The businesses subject to the 52-hour workweek rule will need to ensure that they comply with the rule, and prepare for potential labor audits by the Ministry of Employment and Labor (the “MOEL”) regarding their compliance.

In light of the rule, these businesses, including companies, will need to carefully monitor and record how many hours their employees are working per week. If the employees’ work hours exceed 52 hours per week, they should consider reducing employees’ work hours or adopting flexible work arrangements.

Companies should note that a lack of internal systems and controls for monitoring employee work hours is not a valid excuse for violation of the rule. For companies that do not have systems in place to prevent employees’ work hours from exceeding 52 hours per week, such systems should be adopted and implemented as a matter of priority. As a part of such an exercise, companies may wish to consider, among others:

- Adopting systems designed to track and monitor employees’ work hours at work places;
- A prior approval process for overtime (as well as tracking and monitoring overtime);

- Flexible work arrangements (especially for companies with global headquarters in different time zones); and
- Ways to monitor work hours of employees who work from home.

Although current labor laws allow flexible work arrangements that could work to mitigate the constraints of the 52-hour workweek rule, they come with different requirements that may present procedural and practical challenges for employers who wish to utilize such arrangements.

About Shin & Kim's Employment & Labor Practice:

Shin & Kim's Employment & Labor team has been advising numerous companies and businesses with the 52-hour workweek rule compliance issue. We welcome the opportunity to answer any questions you may have regarding the rule.

[\[Korean version\]](#) 2021. 7. 1.부터 1주 52시간제 적용대상이 전면 확대됩니다

Key Contacts

Anthony Chang

Senior Foreign Attorney

+82-2-316-4258

achang@shinkim.com

Young Seok Ki

Partner

+82-2-316-4021

ysgi@shinkim.com

Seongki Park

Partner

+82-2-316-4280

skipark@shinkim.com

Jong Soo Kim

Partner

+82-2-316-1678

jsokim@shinkim.com