

PROMOTION OF WELFARE FOR SMALL AND MEDIUM ENTERPRISE WORKERS ACT

[Enforcement Date 18. Nov, 1998.] [Act No.5565, 17. Sep, 1998., Other Laws and Regulations Amended]

노동부(법무담당관실), 02-2110-7045

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to contribute to improving the welfare of small and medium enterprise workers and to developing a balanced national economy, by regulating matters necessary for performing the systematic welfare activities for small and medium enterprise workers.

Article 2 (Definition)

For the purpose of this Act, the definitions of terms shall be as follows:

1. The term “small and medium enterprise” means the small and medium enterprises as provided for in Article 2 of the Framework Act on Small and Medium Enterprises;
2. The term “worker” means the worker as provided for in Article 14 of the Labor Standards Act; and
3. The term “labor welfare” means all the policies and businesses with the purpose of promoting the quality of life of small and medium enterprise workers and their families, except those policies and business relating to the basic conditions of employment such as wages or working hours.

Article 3 (Establishment and Other Matters Related to Basic Plan)(1) The Minister of Labor shall establish the basic plan regarding the promotion of the welfare of small and medium enterprise workers.

(2) The basic plan as referred to in paragraph (1) above shall include the following matters:

1. Matters concerning residential security;
2. Matters concerning the promotion of formulating assets;
3. Matters concerning the expansion of education/training opportunities;
4. Matters concerning the enhancement of health;
5. Matters concerning the installation and operation of welfare facilities to support culture, sports, recreation and other good uses of one's

spare time; and

6. Other matters which the Minister of Labor deems necessary for the promotion of labor welfare.

(3) The heads of local governments shall, in accordance with the basic plans of the paragraph (2) above, establish and enforce the labor promotion plan of the local governments.

Article 4 (Cooperation)

The relevant agency and organization, unless there is any other special reason, shall cooperate, upon the request of the Minister of Labor or the head of local governments, regarding the establishment of the basic plan under the provision of Article 3 above.

CHAPTER II INSTALLATION OF LABOR WELFARE FACILITIES

Article 5 (Installation of Labor Welfare Facilities)(1) The State and local governments may install and operate the Labor Welfare facilities for the small and medium enterprise workers. In this case, the heads of local governments who will install the Labor Welfare facility shall cooperate with the Minister of Labor.

(2) The State may subsidize part of the expense for the installation and operation of labor welfare facilities installed by local governments within the budget.

Article 6 (Entrustment of Labor Welfare Facilities)(1) If it is deemed necessary for efficient operation of the labor welfare facilities, which are installed under Article 5 above, the State and the local governments may entrust the operation of the facilities to the Korea Labor Welfare Corporation (hereinafter referred to as “Corporation”) under the Industrial Accident Compensation Insurance Act or to another nonprofit juristic person (hereinafter referred to as a “juristic person”).

[**<Amended by Act No. 4826, Dec. 22, 1994>**](#)

(2) The State and the local governments may subsidize a part of the expense for the operation of the labor welfare facilities, as provided for in paragraph (1) above within the budget when they entrust the operation of labor welfare facilities, as provided for in paragraph (1) above.

Article 7 (Fee etc.)(1) Any person who installs and operates the labor

welfare facilities may place some restrictions with regard to the user of the labor welfare facilities, or charge fees on an unequal basis considering the pertinent characteristics of the workers.

(2) and (3) Deleted. [<by Act No. 5515, Feb. 20, 1998>](#)

CHAPTER III LABOR WELFARE PROMOTION FUND

Article 8 (Establishment of Fund)

The Minister of Labor shall establish the Labor Welfare Promotion Fund (hereinafter referred to as the “Fund”) to secure the money necessary for the labor welfare promotion business.

Article 9 (Creation of Fund)(1) The Fund shall be created with the following financial resources: [<Amended by Act No. 5515, Feb. 20, 1998>](#)

1. Contributions from the Government;
2. Cash, articles and other property contributed by any person other than the Government;
3. Funds created by issuing lottery tickets under Article 14 below;
4. Loans under paragraph (2) of this Article;
5. Profits accruing from the operation of the Fund;
- 5–2. Funds created under Article 28–2 of the Framework Act on Employment Policy; and
6. Other revenues.

(2) If it is necessary to manage the Fund, a loan from the special accounts for financial loans and financial institutions or other funds shall be allowed under the Fund’s responsibility. [<Amended by Act No. 5170, Dec. 12, 1996>](#)

Article 10 (Fiscal Year)

The fiscal year of the Fund shall correspond to that of the government.

Article 11 (Tax Supporting)

The establishment and operation of the Fund may be supported in accordance with the pertinent tax laws.

Article 12 (Management and Operation of Fund)(1) The Fund shall be managed and operated by the Corporation. [<Amended by Act No. 4826, Dec. 22, 1994>](#)

(2) When the Corporation manages the Fund, it shall be accounted

separately from other accounts. <Amended by Act No. 4826, Dec. 22, 1994>

(3) Matters necessary for the management and operation of the Fund shall be provided for by the Presidential Decree.

Article 13 (Purposes for Use of Fund)

The Fund shall be used for the following purposes: <Amended by Act No. 5515, Feb. 20, 1998>

1. Financing or support relating to housing for small and medium enterprise workers, and to their stability of life;
2. Providing scholarships and loans to small and medium enterprise workers or their children;
3. Financial support for the installation and operation of public labor welfare facilities and of labor welfare facilities for the local governments;
4. Loans and support for the installation and operation of the labor welfare facilities of small and medium enterprises;
5. Supporting cultural activities for small and medium enterprise workers;
6. Expenses for the medical welfare business for promoting the health of small and medium enterprise workers;
7. Expenses for the research and development regarding the promotion of welfare business of small and medium enterprise workers;
8. Investments in profit-making businesses for the propagation of the Fund;
9. Expenses necessary for the creation, management and operation of the Fund;
- 9-2. Expenses necessary for carrying out and operating relief measures for the unemployed as provided in Article 28 of the Framework Act on Employment Policy;
- 9-3. Support of school expenses and medical expenses, etc. as provided in Articles 11 and 12 of the Workers' Living Standard Improvement and Employment Stabilization Act; and
10. Other expenses necessary for the business prescribed by the Presidential Decree for the promotion of welfare for small and medium enterprise workers.

Article 13-2 (Separate Accounting of Funds for Relief Measures for the Unemployed)

(1) Funds as provided in Article 9 (1) 5-2, shall be used for

expenses as provided in subparagraph 9–2 of Article 13, and the accounting of such funds shall be separated from that of financial resources of the Fund which are created and operated for other business purposes.

(2) Funds contributed under paragraph (2) of the Addenda of Act No. 5565 (the amended Tourism Promotion and Development Fund Act), shall be used for expenses necessary for employment stabilization of workers engaged in the industry related to tourism or relief measures for the unemployed. [<Newly Inserted by Act No. 5565, Sep. 17, 1998>](#)
[This Article Newly Inserted by Act No. 5515, Feb. 20, 1998]

Article 14 (Issuance of Lottery Tickets)(1) The Corporation may issue lottery tickets to raise the Fund: Provided, That the Corporation shall determine the category, method and the amount of prize money, and obtain approval from the Minister of Labor. [<Amended by Act No. 4826, Dec. 22, 1994>](#)

(2) If the prize money of a lottery ticket is not claimed within three months from the date of the payment, the extinctive prescription shall be deemed to have been completed and the prize money for which the extinctive prescription is completed shall belong to the Corporation.

(3) The Act on Special Cases concerning the Regulation and Punishment of Speculative Acts, etc. shall not apply to the management of the lottery under paragraph (1) above.

CHAPTER IV SUPPLEMENTARY PROVISIONS

Article 15 (Supervision and Related Matters)(1)The Minister of Labor shall, if it deems necessary to promote the labor welfare, have the Corporation report regarding its management and operation of the Fund, its business, accounting and assets of the juristic person, and shall have any public official under his authority inspect the Corporation account books, documents and other goods. [<Amended by Act No. 4826, Dec. 22, 1994>](#)

(2) Any public official who conducts any inspection under paragraph (1) above shall carry with himself a certificate indicating his authority and show it to the person concerned.

Article 16 (Delegation of Authority)

The Minister of Labor may delegate part of his authority prescribed in this Act to the local government or to the head of a local labor office in

accordance with the Presidential Decree.

Article 17 (Fine for Negligence)(1) Anyone who falls under any of the following subparagraphs shall be punished by a fine for negligence not exceeding five million won:

1. Deleted; and [<by Act No. 5515, Feb. 20, 1998>](#)
2. A person who refuses to make a report, or refuses, or interferes with, the inspection as provided for in Article 15 (1) above.

(2) The fine for negligence as referred to in paragraph (1) shall be imposed and collected by the Minister of Labor in accordance with the Presidential Decree.

(3) Any person, who has had a fine for negligence imposed as provided for in paragraph (2) above may make an objection against the Minister of Labor within thirty days after he is informed of such imposition.

(4) If the person who has had a fine for negligence imposed as provided for in paragraph (2) above has made an objection under paragraph (3) above, the Minister of Labor shall notify a competent court, without delay, which shall, upon receiving the notification, render a decision on the fine for negligence pursuant to the Non-Contentious Case Litigation Procedure Act.

(5) If no objection is made, and the fine for negligence is not paid within the period as provided for in paragraph (3) above, it shall be collected pursuant to the example of disposition on default of national taxes.

 [ADDENDA<Act No. 4826, Dec. 22, 1994>](#)

[Article 1 \(Enforcement Date\)](#)

 [ADDENDA<Act No. 5170, Dec. 12, 1996>](#)

[Article 1 \(Enforcement Date\)](#)

 [ADDENDUM<Act No. 5515, Feb. 20, 1998>](#)

This Act shall enter into force on the date of its promulgation.

 [ADDENDA<Act No. 5565, Sep. 17, 1998>](#)

(1) (Enforcement Date) This Act shall enter into force two months after the date of its promulgation.

(2) and (3) Omitted.