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Korea Trade-Investment
Promotion Agency

BUSINESS in Korea 2021



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KOTRA 자료 21-099

BUSINESS in Korea 2021

• MAIN
SUMMARY

• FDI
PROCEDURE

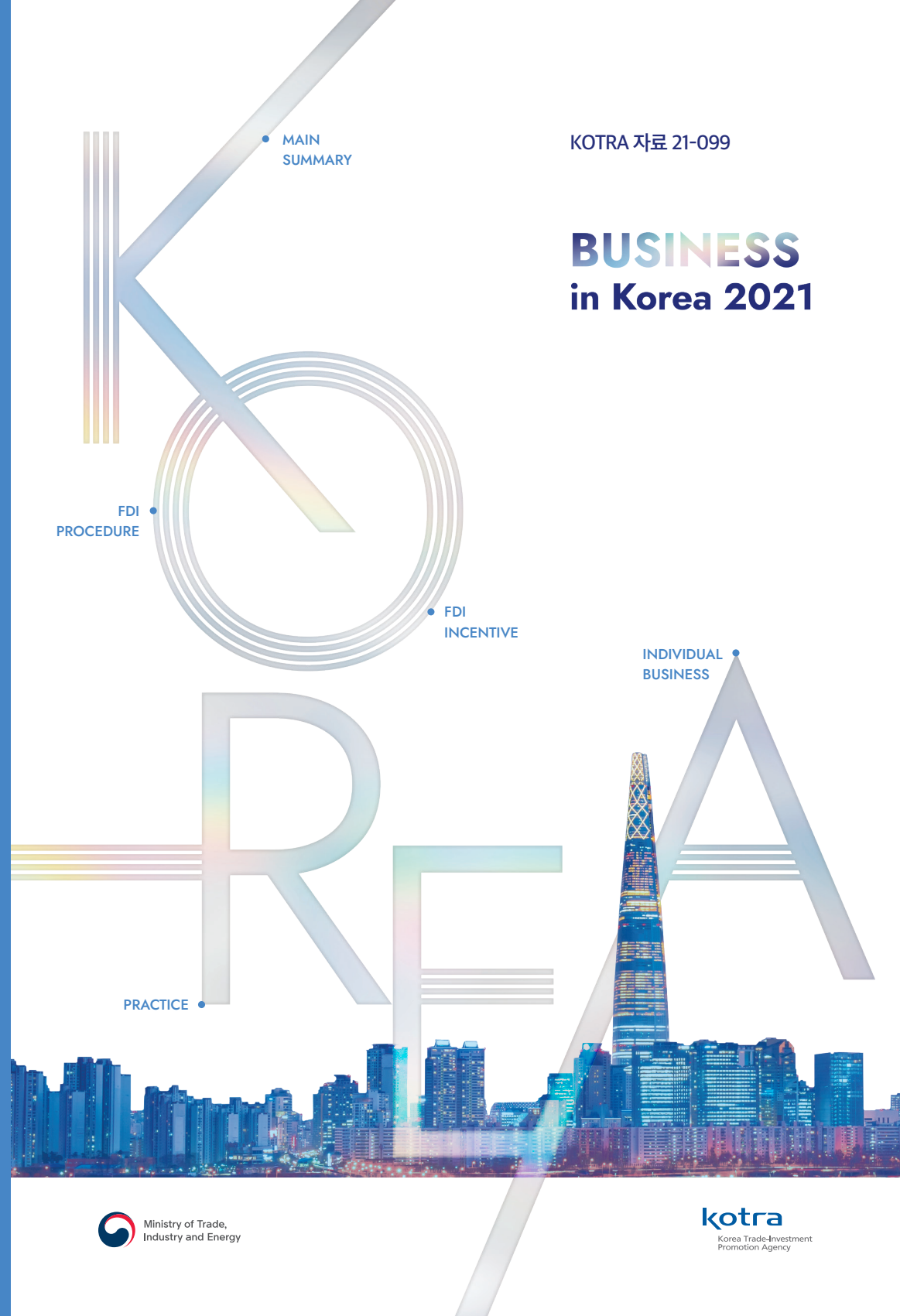
• FDI
INCENTIVE

• INDIVIDUAL
BUSINESS

• PRACTICE



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BUSINESS
in Korea 2021

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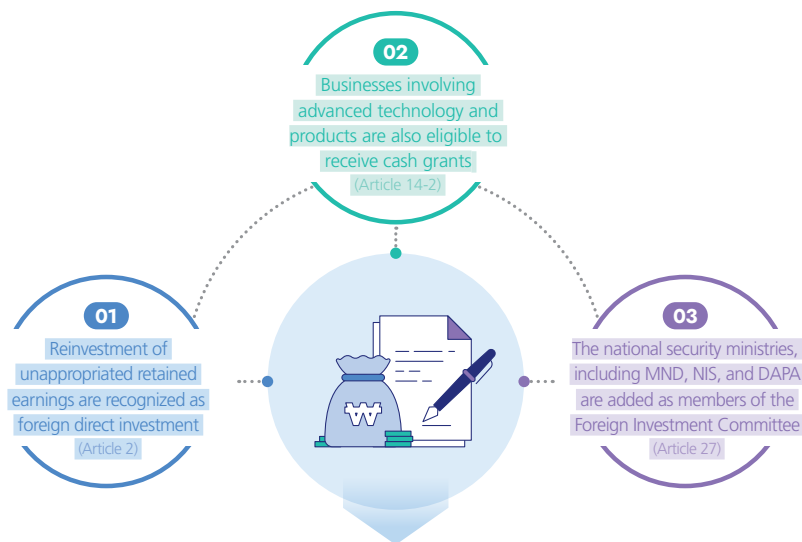


Key changes in the 2021 Foreign Investment Guide

Foreign Direct Investment System

Key amendments to the Foreign Investment Promotion Act

(promulgated on Feb. 6, 2020, enforced on Aug. 5, 2020) [p.022](#)



01 When unappropriated retained earnings are reinvested by a foreign-invested business in Korea, they are accepted as foreign direct investment

Unlike the international standards, foreign-invested companies in Korea had difficulties in reinvestment as their reinvestment of unappropriated retained earnings* was not recognized as foreign direct investment

*Unappropriated retained earnings means unrealized profits retained by a foreign-invested company.

*International organizations like the OECD and the IMF and key countries like the USA and Japan recognize the reinvestment of unappropriated retained earnings by foreign-invested companies as a form of foreign direct investment along with long-term loans.

Scope of foreign direct investment recognized before and after the amendment of the Foreign Investment Promotion Act

Before

① Acquisition by foreigners of equity shares of local Korean corporations or businesses

*Accepted only when KRW 100 million or more and 10% or more of the total capital is invested by foreign investors

② Long-term loans of five years or longer provided by the overseas parent company to the foreign-invested company

After

※ The following ③ is added to ① and ②:

③ A foreign-invested company's reinvestment of unappropriated retained earnings in the creation or extension of its factory facilities without transferring such earnings to capital is recognized as foreign direct investment.

02 Businesses involving advanced technology and products eligible to receive cash grant

The cash grant paid as incentive for foreign direct investment was previously limited to foreign direct investment in raw materials and parts and new growth technology businesses. However, with the amendment of the Act, foreign direct investment in businesses involving advanced technology and products that are highly technology-intensive and with speedy technological innovation are eligible for cash grants as well.

* A total of 2,990 technologies in 33 sectors are currently included in the advanced technologies and businesses under the Industrial Development Act.

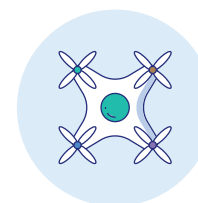
Examples of businesses newly eligible for cash grant with the amendment of the Act

Autonomous vehicles



Vision sensors, radar sensors, inter-vehicle communication network, sensors for avoiding accidents, fusion technologies, integrated control systems, etc. mounted on autonomous vehicles

Smart machines



Machines for smart factories and smart farms, including intelligent autonomous production machines, unmanned smart machines, autonomous farm equipment, and nature-circulating machines

Bio-health



Technologies for genetic recombination, screening and manufacturing protective antigens, manufacturing and improving bio-similars, exploring innovative new drug candidate substances, developing and manufacturing biodegradable materials, etc.

03 The national security ministries, including MND, NIS, and DAPA, are added as members of the Foreign Investment Committee

In addition to the Minister of Trade, Industry & Energy (Chair), the Vice Ministers of the Ministry of Economy and Finance, Ministry of Education, Ministry of Science and ICT, Ministry of Foreign Affairs, Ministry of Interior and Safety, Ministry of Culture, Sports and Tourism, Ministry of Agriculture, Food and Rural Affairs, Ministry of Environment, Ministry of Employment and Labor, Ministry of Land, Infrastructure and Transport and Ministry of Oceans and Fisheries, and the Vice Chair of the Financial Services Commission (13 persons), the MND, NIS and DAPA are added to the members of the Foreign Investment Committee.

National Defense Ministry



+

National Intelligence Service



+

Defense Acquisition Program Administration



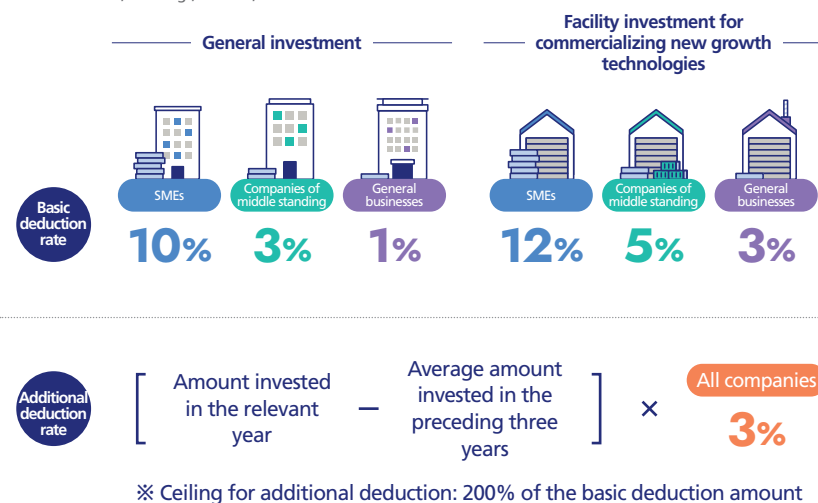
Taxation

Integrated tax credit scheme for investment

(to be enforced in 2021) [p.097](#)

An integrated tax credit scheme for investment is newly introduced, combining the existing tax credit schemes for investment. Under the tax credit scheme, a company's investment in tangible assets for business use is multiplied with the following tax credit rates, and the calculated tax credit amount is subtracted from corporate tax.

*Exclusive of land, buildings, vehicles, etc.



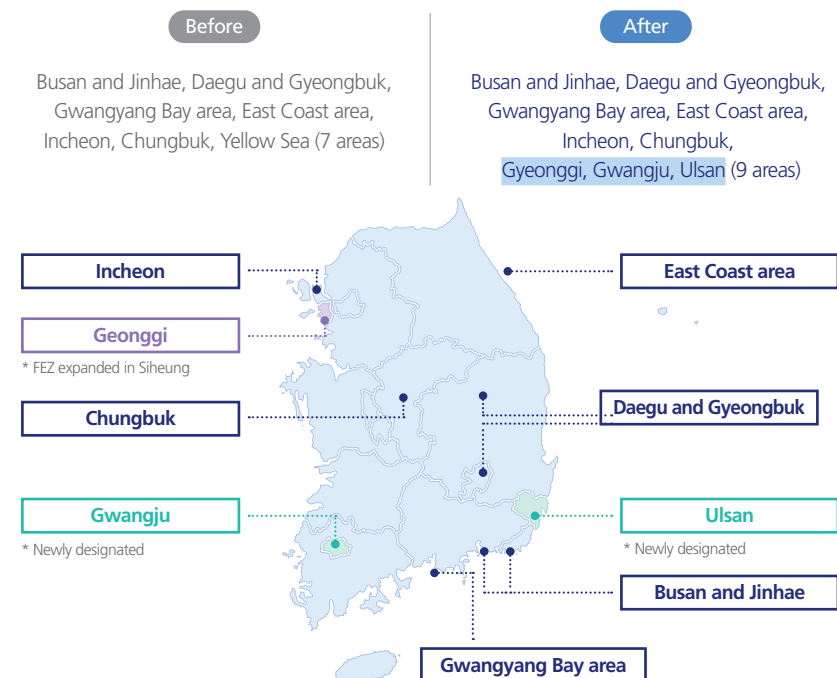
*Taxpayers can choose between the existing tax credit system or the new integrated tax credit scheme in 2021 to receive corporate tax credit for investment. However, in 2022 and onwards, only the integrated tax credit scheme shall apply.

Free Economic Zone

Free economic zones newly designated in Gwangju, Ulsan, and Siheung

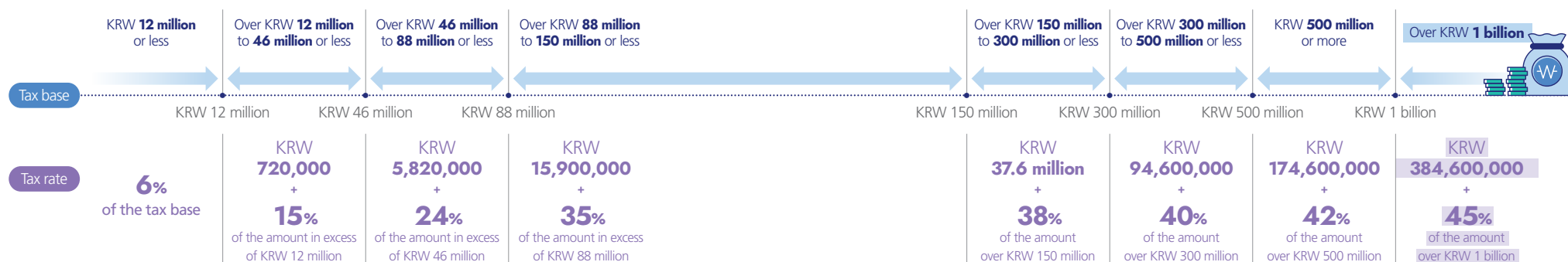
(Resolution adopted by the FEZ Committee on June 3, 2020) [p.065](#)

Gwangju and Ulsan are newly designated as FEZs and FEZ is expanded in Siheung



The highest tax rate bracket for income tax (amount exceeding KRW 1 billion) newly introduced

(amended basic tax rate table to be enforced in 2021) [p.138](#)



* Applicable to income accrued on or after January 1, 2021

Visa

Change in period for reporting changes in matters registered by aliens and change in place of stay (to be enforced in Dec. 10, 2020) [p.072](#)

Before

- Article 35 of the Immigration Act (Reporting on changes in matters registered by aliens)
- Article 36 of the Immigration Act (Reporting on change in place of stay)



Period for reporting: Within **14** days

After

The period is modified to **within 15 days** based on the partial amendment to Articles 35 and 36 of the Act



Period for reporting: Within **15** days

Change to guidelines on business investment (D-8) visa (amended on May 15, 2020) [p.075](#)

Before

When a personnel is dispatched from an overseas company to its Korean office, only the dispatch order issued by the overseas headquarters was accepted.

After

When a personnel from an overseas company is dispatched to its Korean office, a dispatch order issued from the company's local office in a third country is also accepted in addition to a dispatch order issued from the headquarters in order to facilitate business activities.

Labor

Minimum wage raised [p.166](#)

Before



KRW **8,590** per hour,
KRW **1,795,310** per month

* Based on 209 hours / applied in 2020

After



KRW **8,720** per hour,
KRW **1,822,480** per month

* Based on 209 hours / applied in 2021

Management Support

Eased conditions for business incubation [p.127](#)

Before

A potential foreign investor who can create jobs and added value and contribute to national economy or a foreign-invested company which notified foreign investment of USD 300,000 or more can move in after they are deemed qualified.

* Phone counseling : 02-3497-1003



Potential foreign investor
or
foreign-invested company that notified investment
of USD **300,000** or more

After

A foreign investor who is planning to notify investment pursuant to the procedures prescribed by the Foreign Investment Promotion Act and existing foreign-invested companies whose investment amount on arrival basis within one year of move-in is USD 100,000 or more can move in after going through a review.

* Phone counseling : 02-3497-1000



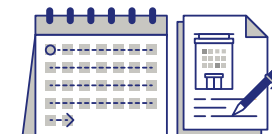
Foreign investor planning to notify investment
or
a foreign-invested company whose investment amount on arrival basis within one year of move-in is
USD **100,000** or more

Real Estate

Deadline for notifying acquisition of real estate [p.205](#)

As an identical standard for the period for reporting acquisition of real estate is now applied to both Koreans and foreigners, the deadline for notifying acquisition of real estate to the si/gun/gu office of the place where the real estate is located was unified to **30 days of the date of contract signing.**

Before



Within **60** days
of the date the contract is signed

After



Within **30** days
of the date the contract is signed

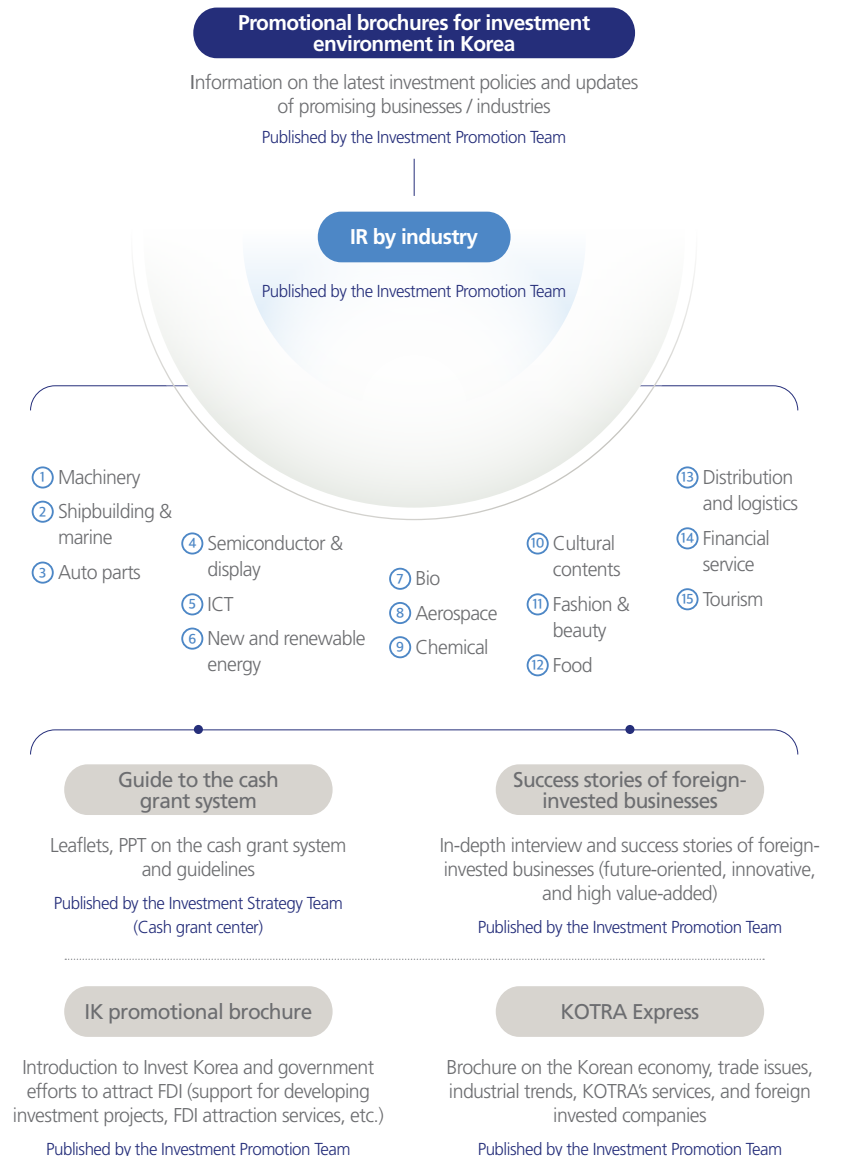


KOTRA's FDI-related publications

Information needed in the investment execution stage after deciding investment



Publications on Korea's investment environment for the investment attraction stage



Procedure

-
- Foreign direct investment promotion policy
 - Types of foreign direct investment
 - Procedure by investment type
 - Incorporation
 - Sites
 - Visa

Foreign direct investment promotion policy

- Liberalization of FDI
- Foreign Investor Protection
- FDI Incentives

Except as prescribed by other Acts, foreign investors are guaranteed a legitimate right to manage their business operations in Korea freely. To this end, the Korean government has prepared a system to protect foreign investors. Korea's foreign investment policy is in accordance with global standards based on the recommendations and agreements of international organizations such as the OECD, UNCTAD, and WTO. It provides various incentives to foreign investors that create high-quality jobs or encourage domestic economic growth. As such, the Korean government constantly strives to create a business-friendly investment environment in Korea.

Liberalization of FDI

Rate of
Liberalization of
FDI

99.7%

The Republic of Korea is a country which welcomes foreign direct investment and has implemented a support-focused foreign investment promotion policy. Thus, foreign investors and foreign-invested companies may conduct business in Korea without restraint, except as otherwise prescribed by law.

Restricted Business Categories

Out of a total of 1,196 business categories listed under the Korean Standard Industrial Classification (KSIC), FDI in Korea is permitted in 1,135 categories. Foreign investment is prohibited in 61 business categories including legislation, public administration, diplomacy, and national defense. Among the permitted business categories, restrictions on shareholding ratio, etc. apply in 29 categories and there are three prohibited business categories - nuclear power generation, radio broadcasting, and television broadcasting.

※ Businesses Excluded from Foreign Investment ([Appendix 1 p.214](#) )
 Businesses with Restrictive Foreign Investment and Criteria for Permission ([Appendix 2 p.216](#) )
 ※ Related law: Regulations on Foreign Investment (Public Notice no. 2020-126 of the Ministry of Trade, Industry and Energy)

Foreign Investor Protection

01. Guarantee of Remittance to Foreign Countries

Remittance of proceeds accruing from the stocks, etc., acquired by a foreign investor, proceeds from the sale of stocks, and the principal, interest, and service charges paid under a loan contract shall be guaranteed in accordance with the details of the report or permission of the foreign investment at the time of remittance.

02. National Treatment

Except as otherwise prescribed by law, foreign investors and foreign-invested companies shall be treated in the same manner as nationals of the Republic of Korea and Korean corporations in respect to their business operations.

03. Exceptions to the Safeguard Clause on Foreign Exchange Transactions

For foreign exchange and transactions, the Foreign Exchange Transaction Act is applied unless otherwise prescribed by the Foreign Investment Promotion Act. Foreign exchange transactions may be temporarily suspended or restricted under the Foreign Exchange Transaction Act if such measures are deemed inevitable due to natural calamities, war, armed conflict, grave and sudden changes in domestic and foreign economic conditions, or other situations equivalent thereto. However, such measures shall not apply to foreign investment.

※ Related law: Article 6 (4) of the Foreign Exchange Transaction Act

04. Equal Application of Tax Abatement Regulations, etc.

Unless otherwise prescribed by the laws of the Republic of Korea, the provisions concerning the abatement of taxes applied to nationals of the Republic of Korea or Korean corporations shall also apply to foreign investors and foreign-invested corporations.

※ Related law: Article 3 and 30 (1) of the Foreign Investment Promotion Act

FDI Incentives

※ Refer to [Part 2. Incentives](#) for the detailed contents (p.082) 

01. Role of FDI

Foreign direct investment offers various internal and external economic benefits, including securing stable foreign capital in the long term, creating jobs, transferring advanced technology and management techniques, and joining the global value chain, all of which contribute to increasing economic growth.

Korea seeks to improve the domestic industry structure by attracting FDI in new growth engines and high-tech industries, while focusing national policy on boosting technology transfer by promoting Korea as a global hub for foreign-invested companies through the establishment of regional headquarters and R&D centers, and by expanding the domestic production infrastructure for core material and components in key industries.

02. FDI Incentives


The Korean government provides various incentives to foreign investment offering high value-added business and job creation effects. These incentives serve as a catalyst for foreign direct investment.

IN DETAIL

Reorganization of Korea's FDI Incentive Policy

The criteria for granting incentives were revised to give priority on job creation effects and employment. The government will enhance support to foreign-invested companies which make Korea their regional hub by investing in R&D centers or establishing local headquarters. For customized support, the government will expand the eligibility for cash grants to high-tech industries and considerably increase relevant budgets.

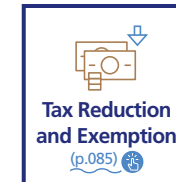
[Ministry of Trade, Industry and Energy, Jan. 22, 2019]

A proposal is pending with the Patent Subcommittee at the Ministry of Trade, Industry and Energy regarding the recognition of foreign direct investment for the part of the investment amount equal to the ratio of foreign investment when a foreign-invested company reinvests in a new or additional factory with its unappropriated earned surplus (p.022) 

[Ministry of Trade, Industry and Energy, Aug. 5, 2020]

※ Revisions of relevant laws may change the visa screening guidelines.

03. Overview of FDI Incentives



Foreign-invested companies operating in new growth engine industries with technology essential for the improvement of domestic industry and international competitiveness, or those located in a Foreign Investment Zone, will receive a tax exemption on customs duties and local tax. In addition, foreign engineers and employees acknowledged by the related law will receive an exemption on income tax.



Foreign-invested companies which operate in officially recognized new growth engine industries or the material and components industry, create a certain number of jobs, or make an investment in an R&D facility in a new growth engine industry are eligible to receive a cash grant depending on its purpose as accorded in the relevant regulations.



In order to attract quality foreign investment, the government has designated Foreign Investment Zones (FIZ), Free Trade Zones (FTZ), and Free Economic Zones (FEZ), which offer reduced rent, tax exemptions, and location support, among other incentives.



Foreign-invested companies will receive employment and training subsidies depending on the effect their business will have on the national economy in specific regard to job creation, technology transfer, and location. In regard to foreign investments that meet certain requirements, lease and sale of state and public property will be permitted, and rent reduction or exemption shall also be granted.

Types of foreign direct investment

• Forms of Foreign Direct Investment

Foreign Direct Investment (FDI) refers to where a foreigner's investment is at least KRW 100 million and the foreign invested ratio is a minimum of 10 percent of the total investment amount. Foreign investors and foreign-invested companies may conduct business in Korea without restraint except as otherwise prescribed by other Acts of the Republic of Korea. The types of FDI are as follows: acquisition of stocks or shares of a Korean company, an overseas parent company's provision of long-term loans with a maturity of at least five years to a foreign-invested company, and a foreigner's contribution to a non-profit organization. In addition, a foreign-invested company's utilization of its unappropriated earned surplus for building a new factory or expanding an existing one shall also be recognized as foreign direct investment (effective 2021). The objects of investment to acquire stocks or shares include the following: foreign currency, capital goods, proceeds from acquired property, and industrial property rights.

Forms of Foreign Direct Investment

01. Acquisition of equity shares

Acquisition by a foreigner of shares or equity shares of a corporation or a business
**to establish steady economic relations with a Korean corporation/
business**



KRW 100 million or more invested

Amount to be invested per person when
two or more persons plan to invest



**Holding 10% or more of voting
shares**

Both new or existing shares may be
acquired

IN DETAIL

Exceptional requirements for equity share acquisition

It is treated as a foreign direct investment when a foreigner assigns or appoints an executive to the domestic Korean company even when investing 100 million won or more but acquiring less than 10% of equity shares of the domestic company.

02. Long-term loans

A loan of at least 5 years from a foreign-invested company's overseas parent company or a company having a capital investment relationship with the company to the foreign-invested company

- **Long-term loans may be provided only when equity investment has been made, and the average loan period of at least 5 years must be satisfied.**

※ Calculation of loan period: The sum of 'the partial repayment or early repayment amount multiplied with the percentage of the repayment in relation to the total loan amount'

IN DETAIL

Capital Investment Relations

• Corporate Investor

[Where an investor is a corporation
(overseas parent company)]

- ① A company that holds at least 50 percent of the total number of stocks issued by, or of the total equity investment of, its overseas parent company (OPC)
- ② A company whose OPC owns at least 50 percent of the total number of issued stocks or total equity investment of a foreign-invested company and falls under any one of the following:
 - A company that holds at least 10 percent of the total number of issued stocks or the total equity investment of its OPC

- An entity of which 50 percent or more of its total issued stocks or total equity investment is owned by its overseas parent company or a company of which 50 percent or more of its total issued stocks or total equity investment is owned by its OPC.

• Individual Investor

[Where an investor is a foreign individual]

A company of which at least 50 percent of the total issued stocks or total equity investment is held by an individual foreign investor who owns at least 50 percent of the foreign-invested company's total issued stocks or total equity investment

03. Contribution to a non-profit organization ("NPO"), etc.

A contribution to an NPO or a company is recognized as FDI where the foreign contribution amount is at least KRW 50 million and accounts for 10 percent or more of the total amount and where all of the following conditions are met.

※ Related laws: Article 2 (1) 4 of the Foreign Investment Promotion Act, Articles 2 (2) and (4)-(7) of the Enforcement Decree of the Act

- ① The NPO or company has independent research facilities in the fields of science and technology, and meets any one of the following conditions:
 - There are at least five regular workers with a bachelor's degree in a science or technology field and at least three years' experience in research, or with a master's or higher degree in a science and technology field
 - The NPO conducts R&D activities in the fields of natural science and engineering as classified under the Korean Standard Industrial Classification (KSIC)
- ② Other contributions to an NPO by a foreigner that meet one of the following conditions, and which are recognized as foreign direct investment by the Foreign Investment Committee:
 - An NPO established for the purpose of promotion, etc. of science, art, medical services, or education, and which continues to conduct its business with a view to developing professionals in the relevant fields and to expanding international exchanges
 - An NPO that is a regional office of an international organization that engages in international cooperation business between civilians or governments

04. New Reinvestment of Unappropriated Earned Surplus

Investment of a foreign-invested company's unappropriated earned surplus for certain purposes such as construction of expansion of a factory (in this case, the foreign-invested company shall be considered a foreigner and the foreign investment amount shall be calculated by multiplying the amount spent and the foreign investment ratio.)

◆ Foreign direct investment by the method of using the retained earnings enforced on August 5, 2020 ◆

- ① A foreign invested company applies (uses) its retained earnings to the construction of a new factory or extension of its factory or to any of the purposes stipulated in the Presidential Decree
 - In such case, the foreign-invested business is considered to be a foreigner, and the foreign-invested amount will be the amount obtained by multiplying the amount applied/used for such purpose by the ratio of equity investment by the foreigner(s).
- ② Applications:
 - **Construction or extension of factory or research facility (manufacturing business):** When the foreign investor purchases land or building to put up a production/research facility, pays rent or building construction expenses, provides funds for installing infrastructure facilities including power and communication facilities for building a new production/research facility, or intends to purchase capital goods or research equipment and materials
 - **Construction or extension of factory or research facility (Non-manufacturing business):** When the foreign investor purchases land or building to put up a production/research facility, pays rent or building construction expenses, provides funds for installing infrastructure facilities including power and communication facilities for building a new production/research facility, or intends to purchase capital goods or research equipment and materials



INFORMATION

Key Terms

Foreigner(s)



- **Individual(s)** with foreign nationality
- **Corporation (foreign corporation)** founded under the statute of a foreign country
- **International economic cooperation organizations** set forth in the Presidential Decree (Examples: IBRD, ADB, IFC, etc.)
- A person **prescribed by Presidential Decree** from among those residing in a foreign country permanently

Note: Permanent resident(s) in a foreign country must always invest foreign currency funds originating overseas without fail (cash, real property, and other assets existing or originating in Korea are not recognized as foreign investment objects)

Foreign
investor(s)



A **foreigner** holding equity shares or who has invested in a domestic business as per the Foreign Investment Promotion Act

Foreign-
invested
business or
company



A **business or a non-profit corporation** invested in by a **foreign investor**

Investment
objects



Any object (investment means) in which a foreign investor invests in order to possess stocks, etc., as set forth in the Foreign Investment Promotion Act

- ① **A means of international payment (foreign currency) or a mean of domestic payment** (national currency) incurred by international payment * *Foreign currency inflow principle*
- ② **Capital goods** (*Customs clearance and completion of certification of investment in kind are required after applying for review/verification of statement of capital goods introduced)
- ③ **Proceeds** (dividends, profit distributed) from the stocks, etc. acquired by a foreign investor * *Reinvestment in Korean won currency is allowed*
- ④ **Industrial property rights, intellectual property rights**, other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies * *Appraisal agency*
- ⑤ **Residual property to be distributed to a foreigner upon liquidation** of a foreign-invested company or domestic branch/liaison office of a foreign corporation
- ⑥ **Any repaid amount of foreign loans or borrowings** as per the Foreign Investment Promotion Act
 - *Investment in kind by loan claims - Offset-based investment is allowed based on an amendment to the Commercial Act in 2012*
- ⑦ Equity shares or stocks set forth in the Presidential Decree
 - *Stocks of foreign corporations listed or registered on foreign stock markets*
 - *Stocks held by a foreigner pursuant to a local statute or the Foreign Exchange Transactions Act*
- ⑧ **Real properties** in Korea (real properties acquired through a certified transaction)
- ⑨ **Proceeds from the disposal of equity shares of a domestic company or real properties** held by a foreigner * *Reinvestment in Korean won currency is allowed*

Frequently Asked Question & Answer

Q 01 Will a foreign-invested company be able to retain its status and qualification even if it transfers some of its stocks or shares, or if it reduces its capital and thus fails to meet the foreign investment requirements after registering as a foreign-invested company?

Even if a foreign-invested company registers as a foreign-invested company but no longer satisfies the FDI conditions due to transfer of shares or capital reduction, the investment shall still be recognized as FDI.

[Article 2 (2) of the Enforcement Decree of the Foreign Investment Promotion Act]

※ In this case, the company is only allowed to have passive and limited rights despite maintenance of qualification as a foreign-invested company. Therefore, the company must be aware of reduced or eliminated support including but not limited to extension of stay period for its executives and staff.

Q 02 When two individuals invest together and the total amount of their investment is at least KRW 100 million, can it be recognized as FDI?

Where two or more foreigners make a joint investment, the amount invested must be at least KRW 100 million per person.

Article 2 (3) of the Enforcement Decree of the Foreign Investment Promotion Act

Q 03 How can the period of long-term loans be calculated when a grace period or repayment in installments applies?

The loan period shall be calculated by considering the grace period and the period of the loan to be repaid in installments or prepayments, while the repayment period shall be calculated by multiplying the proportion of the loan to the total amount equal to the period of each installment or prepayment.
⇒ Concept of weighted average term to maturity

Example) What is the repayment period if a foreign-invested company borrows USD 10 million from its parent company for eight years and pays back the loan at a rate equal to USD 2 million per year for five years starting from four years after? The weighted average repayment period of six years is met.

* 6 years = (8 years X 2/10) + (7 years X 2/10) + (6 years X 2/10) + (5 years X 2/10) + (4 years X 2/10)

Article 2 (2) of the Enforcement Rules of the Foreign Investment Promotion Act

Frequently Asked Question & Answer

Q 04 Are non-voting preferred stocks included in the ratio of foreign investment?

Investment in non-voting preferred stocks is not recognized as FDI which requires notification since foreign investors must acquire at least 10 percent of stocks with voting rights when notifying their investment for the first time. However, when the same investor acquires preferred stocks after completing the FDI notification process, it is recognized as an increase in the total investment amount and thus, the total investment amount and its ratio increases.

Q 05 Is it considered foreign direct investment when a foreign-invested company invests in another domestic company?

It is recognized as a foreign direct investment only if the foreign investor directly invests. Foreign-invested companies are classified as domestic corporations, and thus investments in other domestic corporations by foreign-invested companies cannot be considered foreign direct investment.

Q 06 Investment associations such as the Small and Medium Enterprise Establishment Investment Association do not have a corporate personality and are therefore organizations, not corporations. However, in many cases foreign investors invest in 10 percent or more of such associations' shares. Do such cases constitute FDI as prescribed by the Foreign Investment Promotion Act?

Where a foreigner invests in an entity that is not a Korean corporation or a corporation managed by a national of the Republic of Korea, the investment is not recognized as FDI as stipulated by the Foreign Investment Promotion Act. However, a foreign investment in certain investment associations* that is prescribed as a special case according to a relevant special law** is recognized as FDI according to Article 2 (1) 4 of the Foreign Investment Promotion Act.

* Small and Medium Enterprise Establishment Investment Association, Korea Venture Fund, Specialized Parts and Materials Investment Association, Agricultural and Food Investment Association, etc.

** Article 8 of the Act on Special Measures for the Promotion of Venture Business, Article 7 of the Act on Special Measures for the Promotion of Specialized Enterprises, etc., for Materials and Components, Article 24 of the Act on Formation and Operation of Agricultural, Fisheries and Food Investment Funds, etc.

* Source: e-People FAQ

Frequently Asked Question & Answer

Q **Should foreign investors notify a merger if they take over a domestic company?** **07**

In the event of a merger, the entity must notify the merger under Article 12 of the Monopoly Regulation and Fair Trade Act, as is the case of a domestic company.

① Size of applicable companies

- Notifying company (foreign investor): KRW 300 billion or more in total assets or sales
- Partner company (domestic company): KRW 30 billion or more in total assets or sales

② Mergers requiring notification

- Where a company holds at least 20 percent (or at least 15 percent in the case of a listed corporation) of the total number of shares (excluding non-voting shares) issued by another company
- Where an individual who holds at least 20 percent of shares issued by another company becomes the largest shareholder by acquiring additional shares of that company
- Where an executive officer of a large company concurrently holds an executive officer position in another company
- In the case of a corporate merger
- Where a company takes over the business
- Where the company participates in the establishment of a new company and becomes the largest shareholder thereof

※ Notification following the merger is permitted when a foreign investor's total assets or sales is KRW 300 billion or more although a large company with total assets or sales of KRW 2 trillion or more is required to notify the merger prior to it taking place (prohibition of action). However, even in cases requiring pre-merger notification, FDI notification can be made through a delegated agency such as a foreign exchange bank.

Frequently Asked Question & Answer

Q **Do capital goods only include facilities such as machinery and vehicles?** **08**

Capital goods include industrial facilities creating added value, testing materials, and technical services and exclude raw materials (excluding those for testing purposes), etc.

- Machinery, apparatus, facilities, equipment, parts, and accessories as industrial facilities (including vessels, motor vehicles, aircraft, etc.), livestock, breeds or seeds, trees, fish and shellfish which are necessary for the development of agriculture, forestry, and fisheries, and raw materials
- Raw materials and reserve stocks deemed necessary for initial testing (including pilot projects) of facilities
- Fees for transportation and insurance required for the introduction thereof and other know-how or service necessary therefor

[Article 2 \(1\) 9 of the Foreign Investment Promotion Act](#)

Q **Where a foreigner establishes a corporation with income earned in Korea, is it recognized as FDI?** **09**

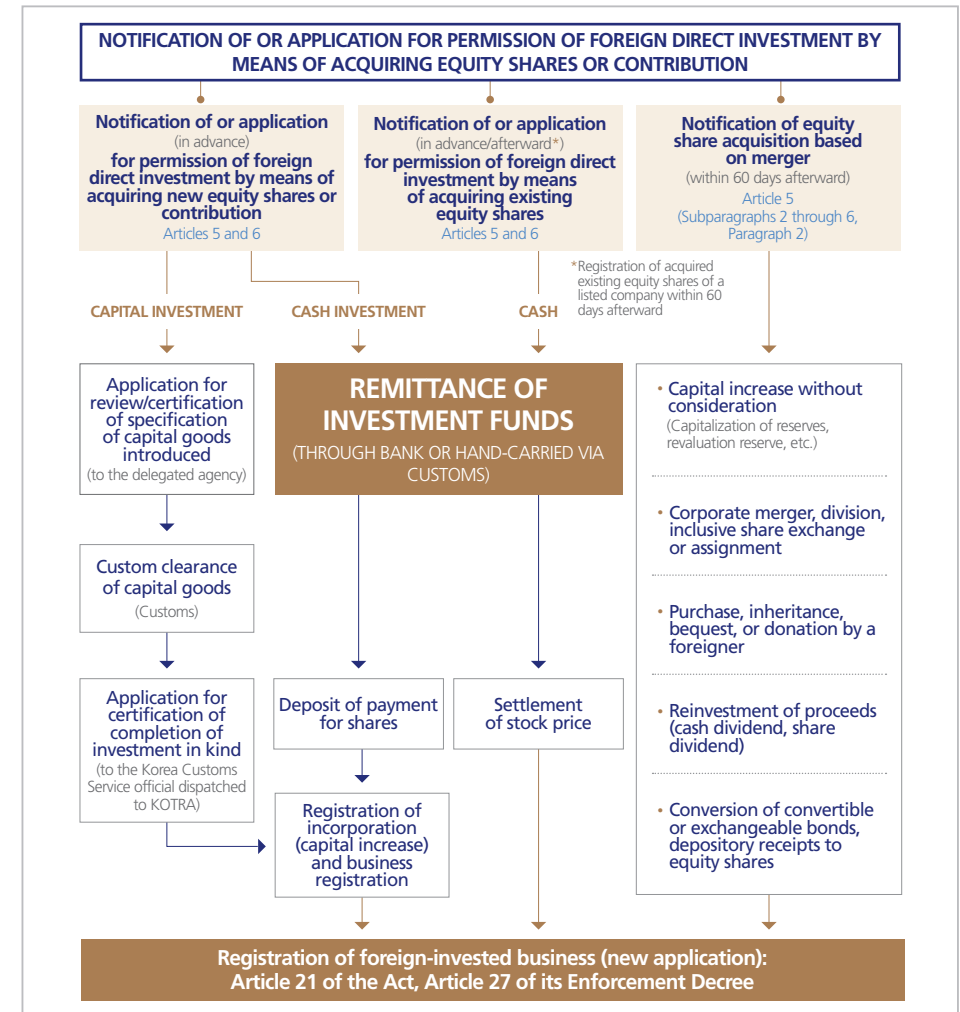
Domestically sourced funds are not recognized as FDI.

Procedure by investment type

- Incorporation
- Capital Increase
- Acquisition of Existing Stocks
- Long-Term Loan
- Reinvestment of Unappropriated Earned Surplus

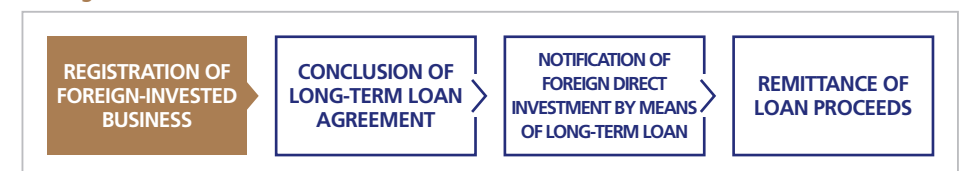
◆ Foreign Direct Investment Procedures

• Equity share acquisition (new or existing shares)



* The "Act" above refers to the Foreign Investment Promotion Act

• Long-term loan



Incorporation

Foreign Direct Investment Flowchart



※ Related laws: Articles 5 and 21 of the Foreign Investment Promotion Act, Articles 6 and 27 of the Enforcement Decree of the Act, Articles 2 and 17 of the Enforcement Rules of the Act.

01. Foreign Direct Investment Notification

★ REQUIREMENTS

Foreign Direct Investment Notification

- 2 copies of the notification form
(Enforcement Rules of the Foreign Investment Promotion Act, Attached Form 1: notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- Foreign investor's certificate of nationality
(Foreigners: passport; foreign corporation or organization: business license, certificate of incorporation, or proof that the said corporation or organization is based in the said country)

[In case of non-cash investments]

- Documents certifying object of investment
(e.g. documents certifying the monetary value of industrial property rights)

*Where an agent files an application: Power of Attorney and the agent's identification (ID card)

※ **Contact:**
KOTRA's Investment Consulting Center
(1600-7119)

IN DETAIL

Evaluation of Technology

In order to invest with technology, the foreign investor should submit documents certifying the monetary value of industrial property rights, etc. Technology evaluation agencies are as follows: Korea Institute for Advancement of Technology, Korea Technology Finance Corporation, Korea Evaluation Institute of Industrial Technology, Korea Environment Corporation, Korean Agency for Technology and Standards, Korea Institute of Science and Technology, Korea Institute of Science and Technology Information, and National IT Industry Promotion Agency.

※ Article 30 (4) of the Foreign Investment Promotion Act, Article 39 (2) of the Enforcement Decree of the Act, and Article 4 of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Business

02. Remittance of Investment Funds

A foreign investor may remit investment funds by wire transfer to a temporary account at a domestic bank from overseas or hand-carry the foreign currency through customs directly. In the latter case, the investor should declare the funds at the customs office and receive a 'certificate of declaration of foreign currency'.

In principle, the remitted investment funds should undergo the procedure for deposit of funds for payment for shares and then a certificate of deposit of payment for shares is submitted to the court. However, in case of companies valued less than KRW 1 billion, it is possible to submit a certificate of balance after opening an account in the name of an investor. In this case, the funds can be freely withdrawn for business purposes from the following day.

INFORMATION

Opening a Temporary Account

A foreign investor may open a temporary account after submitting documentary evidence of nationality (a certificate of existence of the foreign investor's nation or a passport) to the bank. However, the required documents could differ depending on the financial institution. In addition, the remittance should be written in foreign currency and the purpose of the remittance should be stated 'investment.'

03. Registration of Incorporation

The registry division in the court accepts the application for the registration of incorporation and it takes two to three days for the registration. The required documents can be checked on the list of application forms and required documents from the Registry of Supreme Court Internet Register Office.

※ See PART 4. Incorporation ▶ Incorporation procedure ▶ [03. Registration of Incorporation \(p.049\)](#)

04. Authorization and Permission

Where deemed necessary for business, a foreign investor must acquire the authorization and permission from the competent authorities: District Office, Health Center, Ministry of Food and Drug Safety, etc. The processing period may vary depending on the sort of authorization and permission for the type of business.

※ See PART 4. Incorporation ▶ Incorporation procedure ▶ [04. Authorization and Permission \(p.049\)](#)

05. Notification of Incorporation and Business Registration

Every tax office accepts notification of incorporation and business registration regardless of the jurisdiction. It takes three days for the registration.

※ See PART 4. Incorporation ▶ Incorporation procedure ▶ 05. Notification of Incorporation and Business Registration (p.049) 🌐

06. Opening a Corporate Bank Account

A foreign investor may open a corporate bank account at a foreign exchange bank immediately. However, the choice of bank requires careful consideration since opening additional accounts at another bank is restricted for twenty business days.

※ See PART 4. Incorporation ▶ Incorporation procedure ▶ 06. Opening a Corporate Bank Account (p.050) 🌐

07. Registration of Foreign-invested Company

After the registration of incorporation, foreign-invested company registration shall be undertaken at KOTRA or at a foreign exchange bank where the notification was first made as the last step of FDI incorporation. The registration should be completed within sixty days following the payment of the object of investment.

★ REQUIREMENTS

Registration of Foreign-invested Company

- **Application form**
(Attached Form 17 of the Enforcement Rules of the Foreign Investment Promotion Act: Application form for foreign-invested company registration)
- **Incorporation registration certificate / Foreign currency purchase certificate / Shareholder's list / Copy of business license**

* Where an agent files an application: Power of attorney and the agent's identification

Capital Increase

Foreign Direct Investment Flowchart



01. Foreign Direct Investment Notification

A foreign investor is required to make pre-notification🌐 of the foreign direct investment to KOTRA (Foreign Investor Support Center located in KOTRA headquarters or at an overseas KOTRA office) or a foreign exchange bank.

02. Remittance of Investment Funds

Proceed in the same way as the incorporation procedure.

03. Registration of Capital Increase

The registry division of the court accepts the application for the registration of capital increase, the completion of which takes two to three days. Required documents can be checked on the list of application forms and required documents from the Registry of Supreme Court Internet Register Office.

04. Registration of a Foreign-invested Company or Change in Notified Matters

Registration of a foreign-invested company or change🌐 in the notified matters shall be undertaken where the notification was first made (KOTRA headquarters or foreign exchange bank) as the last step of the FDI registration process.

★ REQUIREMENTS

Foreign Direct Investment Notification for Capital Increase

- **2 copies of the notification form** (Attached Form 1 of the Enforcement Rules of the Foreign Investment Promotion Act: Notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- **Foreign investor's certificate of nationality** (Foreign individuals: passport; foreign corporation or organization: business license, certificate of incorporation, or proof that the said corporation or organization is based in the said country)

[In case of non-cash investments]

- **Documents certifying object of investment** (e.g., documents certifying the monetary value of industrial property rights)

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

※ **Contact: KOTRA Investment Consulting Center (1600-7119)**

Registration of Capital Increase (Registration of Change of Corporation)

Online Registry of Supreme Court www.iros.go.kr ▶ Library ▶ Registration application form ▶ Corporate registration ▶ Search (Registration of incorporation)

※ **Contact: Corporate registration handling department of the Registry of Supreme Court (1544-0773→2→3)**

Acquisition of Existing Stocks

01. Conclusion of Contract

02. Foreign Direct Investment Notification

03. Remittance of Investment Funds

04. Registration of Foreign-invested Company or Registration of Change

★ REQUIREMENTS

Foreign Direct Investment Notification of Acquisition of Existing Stocks

- **2 copies of the notification form**
(Attached Form 1 of the Enforcement Rules of the Foreign Investment Promotion Act: Notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- **Foreign investor's certificate of nationality**
(Foreign individuals: passport; foreign corporation or organization: business license, certificate of incorporation, or proof that the said corporation or organization is based in the said country)

*Where an agent files an application: Power of attorney and the agent's identification

[In case of non-cash investments]

- **Documents certifying object of investment**
(e.g., documents certifying the stocks of a corporation listed in overseas securities markets)
- **Documents certifying share acquisition**
(e.g., contract for the purchase of shares)

※ **Contact: KOTRA Investment Consulting Center (1600-7119)**

Foreign Direct Investment Flowchart



Conclusion of contract for transfer of stocks between a foreign investor and existing shareholders.

A foreign investor is required to pre-notify FDI to the Foreign Investor Support Center at KOTRA headquarters or at a foreign exchange bank.

Payment of investment funds through a domestic bank.

Registration of a foreign-invested company or registration of change shall be undertaken where the notification was first made (KOTRA headquarters or foreign exchange bank) as the final step in the FDI registration process.

※ Registration of capital increase is required for the acquisition of new shares by capital increase of an established domestic corporation, but not required for the acquisition of existing shares.

Registration of Foreign-invested Company or Change in Notified Matters

- **Application form**
(Attached Form 17 of the Enforcement Rules of the Foreign Investment Promotion Act: Application form for foreign-invested company registration)
- **Incorporation registration certificate**
- **Foreign currency purchase certificate**
- **Relevant contracts**
- **Shareholder's list**
- **Copy of business registration**

*Where an agent files an application: Power of attorney and the agent's identification

*For registration of change: The original copy of certificate of foreign-invested company registration should be returned.

※ **Contact: KOTRA Investment Consulting Center (1600-7119)**

Long-Term Loan

Foreign Direct Investment Flowchart



INFORMATION

Long-term loans may be provided only when equity investment has been made by the foreign investor.

01. Conclusion of Contract

Conclude a contract for a long-term loan between a foreign investor (loan provider) and a foreign-invested company.

02. Foreign Direct Investment Notification

A foreign investor is required to pre-notify FDI to the Foreign Investor Support Center in KOTRA headquarters or a foreign exchange bank.

03. Remittance of Loan

The foreign investor (loan provider) remits the loan to the corporate account of the foreign-invested company.

04. Deposit

The loan amount is deposited into the corporate account of the foreign-invested company by the loan provider in accordance with the foreign investment notification.

★ REQUIREMENTS

Foreign Direct Investment Notification of Long-term Loan

- **2 copies of the notification**
(Attached Form 2 of the Enforcement Rules of the Foreign Investment Promotion Act: Notification of foreign investment in the form of a long-term loan)
- **Foreign investor (loan provider)'s certificate of nationality**
- **Document certifying investment relations with an overseas parent company or a parent company**
- **Copy of the loan contract**

* Where an agent files an application: Power of attorney and the agent's identification

※ **Contact: KOTRA Investment Consulting Center (1600-7119)**

Reinvestment of Unappropriated Earned Surplus

Flow chart of foreign direct investment



01. Preparation of investment plan

The foreign-invested business (declarant) should create a written plan for investment using unappropriated earned surplus.

※ The notification form prepared based on the investment plan is examined by KOTRA in advance.

02. Notification of foreign direct investment

A notification of foreign direct investment should be made to the KOTRA Investment Service Center in advance.

03. Execution of investment

The investment is carried out by the foreign-invested company as planned.

※ Certified amount of invested retained earnings =
Amount of retained earnings planned to be invested × Ratio of foreign direct investment

★ REQUIREMENTS

When notifying foreign investment through reinvestment of unappropriated earned surplus

- 2 copies of the notification form
(Form 2-2 attached to the Enforcement Rules of the Foreign Investment Promotion Act: Notification of foreign investment through reinvestment of unappropriated retained earnings and notification of change)
- Plan for investment using unappropriated earned surplus;
- Audit report of financial statements (external audit report);
- Statement of appropriation of earned surplus for the most recent settlement period; and
- Copy of foreign investment registration certificate

※ For further information: KOTRA Investment Consulting Center (1600-7119)



INFORMATION

Pre- and Post-notification

Category	Notification	Notes
Pre-notification	• Notification of foreign investment by acquisition of stocks or contribution and application for approval	Acquisition of new/existing stocks or contribution (In case of investing in a defense industry company, authorization to the Ministry of Trade, Industry and Energy should be filed)
	• Notification of change of the foreign investment by acquisition of stocks or contribution and application for approval	
	Notification of investment in the form of a long-term loan and notification of information change	-
Post-notification	Notification of investment by using retained earnings and notification of information change	Foreign-invested companies notify to KOTRA Foreign Investor Support Center
	Notification of foreign investment by acquisition of stocks or contribution and application for approval	Acquisition of existing stocks issued by a listed corporation can be notified within 60 days of the date of the acquisition
	Notification of foreign investment by acquisition of stocks or contribution and application for approval	
	• Acquisition of existing stocks issued by a listed corporation	
	• Acquisition by capital increase without consideration such as capitalization of reserves, revaluation reserves, etc. of a foreign-invested company	Within 60 days of the date of the acquisition
Post-notification	• Acquisition by corporate merger/split, all-inclusive stock exchange/transfer	
	• Investment of proceeds (dividend) from acquired stocks	
	• Acquisition by foreigner's purchase, inheritance, testation, donation	
Post-notification	• Acquisition by stock conversion, exchange and buyout of Convertible Bond (CB), Exchangeable Bond (EB) and Depository Receipts (DR)	
	Application for registration of foreign-invested company (new registration and registration of alteration)	Within 60 days from the date on which the cause for change occurred

→ Foreign investment on stock acquisition is divided into filing report in advance and filing report afterwards.

Steps to be Taken when Changes Occur during Business Operation

When a change occurs during business operation, the following documents to be changed should be filed and registered.

Change	Incorporation registration certificate	Business registration certificate	Certificate of foreign-invested company registration
Company Name	○	○	○
Address	○	○	○
Capital	○	-	○
Investment Ratio	○	-	○
Purpose of Business	○	○	○
Executive	○	○ (Only when a representative is changed)	
Address of CEO	○	-	

→ Registration of alteration must be made within 14 days from the date of occurrence of the cause for alteration of an incorporation registration certificate occurred. If not, a fine will be imposed.

Changes Related to the Registration of a Foreign-Invested Company

① Changes Related to the Registration of a Foreign-Invested Company

A foreign investor (or his/her agent) or a foreign-invested company should notify the foreign-invested company's change of information to a delegated agency within 60 days of the date of occurrence of any of the following.

② Cancellation of Foreign-Invested Company Registration

The registration of a foreign-invested company and its authorizations must be revoked or canceled when the foreign-invested company closes its business or where the foreign investor has transferred all of the stocks to a national (or company) of the Republic of Korea or ceases to hold any of the stocks previously held due to capital reduction

※ Related law: Article 21 of the Foreign Investment Promotion Act, Article 28 of the Enforcement Decree of the Act

IN DETAIL

Examples of registration of modification:

- When equity shares are acquired through merger (when equity shares are acquired through merger, bonus issue, etc.);
- When equity holding or investment ratio is changed by transfer by a foreign investor of equity shares or capital decrease;
- When the equity holding or investment ratio of the foreign investor is changed by capital increase by Korean nationals;
- When the trade name, name, or nationality of the foreign investor or foreign-invested company is changed; or
- When the details of foreign investment registration are changed, including the amount invested by the foreign investor, investment ratio, and address of the foreign-invested company

※ Related laws: Foreign Investment Promotion Act Article 5 (2) 2-6

★ REQUIREMENTS

To register changes in the registration of foreign-invested corporation:

- **1 copy of application** (Form No. 17: Application for Registration of foreign-invested Business, attached to the Enforcement Rules of the Foreign Investment Promotion Act); and
- **Original copy of registration of foreign-invested corporation/duplicate copy of corporate registration of foreign-invested business** (including cancellations)

[Additionally required documents to be attached]

- Documents proving investment objects / copy of certificate of completion of investment in kind (when capital goods are invested in kind) / certificate of foreign exchange purchased or copy of foreign currency deposit / shareholders' roster (corporate seal affixed, certified copy) or documents proving receipt of payments for equity share transfer / Due diligence report by the inspector under the Commercial Act or copy of appraisal report (when equity shares or local real properties are invested in kind) / Other documents proving the relevant changes, including those proving the acquisition of equity shares

* Declaration by proxy: Power of attorney and ID card of the proxy

Frequently Asked Question & Answer

Q 01 It is said that 0.4 percent of the paid-in capital shall be paid as registration license tax for foreign-invested company establishment, although the payable tax amount triples to 1.2 percent when the head office is located in a Seoul Metropolitan overconcentration control area. Are there any ways to avoid heavy taxation?

According to Article 28 (2) of the Local Tax Act, a company whose type of business makes it unavoidable to establish facilities in a large city may pay 0.4 percent of the paid-in capital as registration license tax. The applicable business types are specified in Article 26 (1) of Enforcement Decree of the Local Tax Act.

Q 02 In the case of FDI, does the foreign investor have to register with the Financial Supervisory Service?

An application containing the foreign investor registration including personal information should be filed to the Governor of Financial Supervisory Service in advance in a manner prescribed by the Governor of Financial Supervisory Service when the investor intends to acquire or dispose of existing stocks or stocks to be listed for the first time. Foreign investor registration is not required where an investor seeks to acquire or dispose of stocks related to FDI, except in cases where stocks are acquired in a stock market.

Q 03 My company has a foreign-invested company registration certificate issued by KOTRA. For the sake of convenience, is it possible to register a change in the foreign-invested company registration at a bank and not at KOTRA?

It is possible to change the foreign-invested company management institution, which is referred to as a change in the delegated agency. The application form* is form No. 2 (Application for Change of Delegated Agency) attached to the Rules of Business Process on Foreign Investment.

* Download

www.investkorea.org

▶ Resources ▶ Library ▶
Forms

Frequently Asked Question & Answer

Q **Is there any penalty clause if a company fails to comply with its FDI notification details?** **04**

FDI notifications are not legally binding. If there is a change in the investment plan, a change of contents may be reported (including withdrawal of the notification).

Q **When a foreigner acquires stocks issued by a domestic company and the value of the stocks is less than KRW 100 million, must the investment be notified?** **05**

Where the investment amount falls short of KRW 100 million and therefore FDI cannot be notified according to the Foreign Investment Promotion Act, a non-resident's securities acquisition report should be made under the Foreign Exchange Transactions Act (Article 7-32 of the Foreign Exchange Transactions Regulations).

Q **A foreign-invested company should pay registration license tax, etc. before registering incorporation. However, the funds deposited in a bank for incorporation purpose cannot be withdrawn before incorporation registration. What can I do?** **06**

There is a system in place which allows the company to utilize additional funds for establishment from the parent company and then pay it back. According to Article 4-3 Subparagraph 6 of Foreign Exchange Transactions Regulations, expenses by non-residents for the establishment of a foreign-invested company under the Foreign Investment Promotion Act are refundable.

Q **Is it possible to convert long-term loans to stocks or equity by a foreign investor who notified a long-term loan FDI and holds the bond?** **07**

Previously, due to the Commercial Act stating "Shareholders are not able to counter the company by offsetting payment", it was only possible to prepare loans and make stock payments through repayment procedures, or to convert investments into spot investments only with the approval of the court. However, as Article 334 of the Commercial Act, which banned the countervailing of shareholders, was eliminated, it is now possible to convert long-term loans directly to equity capital without court approval.

* The status of trade centers

www.investkorea.org

Resources ▶

IK Introduction ▶

Introduction of Invest
KOREA

Q **Is it possible to make an FDI notification online?** **08**

Online notification is currently not available, but KOTRA overseas FDI network provides FDI notification service for convenience. A list* of KOTRA overseas network is provided on the Invest KOREA website.

Q **It is said that if a company name has already been registered by another company in Korea, it is not possible to register the name as a foreign-invested company. Is this true?** **09**

Article 29 of the Commercial Registration Act regulates that a company name which is identical to a company name registered by another company for the same type of business cannot be registered in the same Special Metropolitan City, Metropolitan City, Special Self-governing City, City (including an administrative city; hereinafter the same shall apply) or county (excluding a country within the jurisdiction of a Metropolitan.

Q **Does the office lease contract need to be attached when registering the incorporation of a foreign-invested company?** **10**






Although the contract does not need to be attached, a confirmed address is needed. The contract should, however, be submitted when registering for a business license after the registration of incorporation is completed.

Incorporation

- Types of Corporation
- Forms of Corporation
- Incorporation Procedure

Foreigners can do business in Korea by acquiring new or existing stocks (including incorporation) pursuant to the Foreign Investment Promotion Act or by establishing a local branch or a liaison office as prescribed in the Foreign Exchange Transaction Act. A foreign-invested company is a domestic corporation established under the Commercial Act and classified as either a partnership company, a limited partnership company, a limited liability company, a limited company, or a stock company. The most common types of corporations established by foreign investors are a limited company and a stock company.

◆ How foreigners can start business in Korea

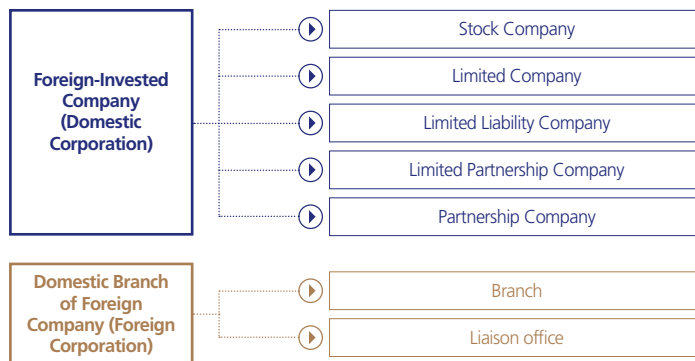
 Category	 Foreign-Invested Company	 Domestic Branch	 Liaison Office
Governing law	Foreign Investment Promotion Act	Foreign Exchange Transaction Act	Foreign Exchange Transaction Act
Type of corporation	Domestic	Foreign	Foreign
Recognized as FDI	Yes	No	No
Company name	No restrictions	Must be identical to that of headquarters	Must be identical to that of headquarters
Scope of business activities	No restrictions within the permitted scope	Restricted to same activities as headquarters, within the permitted scope	Not permitted to generate profit, only for the purpose of establishing business contacts
Minimum investment amount	KRW 100 million*	No restrictions	No restrictions
Legal liability	Liability limited to domestic corporation	Liability extends to domestic corporation and headquarters	Liability extends to domestic corporation and headquarters
Independence	Separated from headquarters	Subordinated to headquarters	Subordinated to headquarters
Loans in Korea	Possible depending on credit rating of the domestic corporation	Almost impossible	Impossible
Establishment procedures	1. FDI notification 2. Remittance of investment funds 3. Registration of incorporation 4. Business registration 5. Registration of foreign-invested company	1. Notification of domestic branch establishment 2. Registration of incorporation 3. Business registration	1. Notification of domestic branch establishment 2. Registration of identification number
Accounting and taxation	Obligation of bookkeeping according to Korean Accepted Accounting Principle and external audit for certain conditions	Obligation of bookkeeping according to Korean Accepted Accounting Principle, but no obligation of external audit	No bookkeeping obligation
Corporate tax rate	Tax obligation ※ Taxation ▶ National Tax ▶ Corporate Tax (p.136) 		No tax obligation
Taxable income	Total income based on all profit made by the domestic corporation	Total income based on all profit made by the domestic corporation. Branch tax payment occurs in some countries.	No taxable income
Tax benefits	Tax benefits for foreign-invested company and small and middle-sized business according to the Restriction of Special Taxation Act	No benefits	No benefits

* A foreigner may establish a corporation with an investment of less than KRW 100 million, although it will not be recognized as FDI and is subject to notification of stocks acquisition (Attached Form no. 7-6 of the Regulations on the Foreign Exchange Transaction) as prescribed by the Foreign Exchange Transaction Act.

Types of Corporation

Where a foreigner invests at least KRW 100 million with the goal of participating in business operations or acquires at least a 10-percent share of new/existing stocks with voting rights, it is recognized as a foreign-invested company under the Foreign Investment Promotion Act and established as a domestic corporation under the Commercial Act.

A domestic branch of a foreign corporation, as defined under the Foreign Exchange Transaction Act, can be classified as a branch or a liaison office depending on whether the entity engages in sales activities. A branch is a foreign corporation having the right to conduct sales activities, while a liaison office is a foreign corporation established for market research and marketing activities but not for sales.



Forms of Corporation

01. Stock Company

The Commercial Act recognizes five different forms of companies -partnership company, limited partnership company, limited liability company, limited company, and stock company. However, most foreign-invested companies in Korea fall into the categories of limited company and stock company. Therefore, this guide focuses on these two types of corporation.

Shareholders of a stock company only have limited liability of their investment amount. It is easy to transfer stocks and possible to issue bonds and list stocks. For these reasons, most domestic corporations fall under the category of a stock company.

02. Limited Company

A limited company is comprised of employees with limited liability of their investment amount only, and thus not responsible for any creditors. A limited company may have restrictions on the transfer of shares in its articles of association. A limited company is exempt from external audits and is thus established by foreign-invested companies which are reluctant to disclose certain information. However, a limited company is now subject to external audit due to an amendment of the Enforcement Decree of the Act on External Audit of Stock Companies Applicable from the fiscal year that commences on or after November 1, 2018.

Comparison of Stock Company and Limited Company

	Stock Company	Limited Company
Distinction	Suitable for large company Easy to invite multiple shareholders	Suitable for small and medium-size business Composed of minority with mutual trust
Minimum Investment Amount	No restrictions (exception: At least KRW 100 million for FDI)	Same as a stock company
Equity Unit	At least KRW 100	Same as a stock company
Capital Transfer	No restrictions	Approval at general meeting required
Issuance of Bonds	Possible	Impossible
Board of Directors	Yes	No
Number of Directors	At least 3 directors (at least 1 director when total capital is less than KRW 1 billion)	At least 1 director
Number of Auditors	Required (Except when total capital is less than KRW 1 billion and a non-investment executive is listed)	Not required
Possibility of Listing	Yes	No

IN DETAIL

Company subject to External Audit

① Stock Company

- Stock-listed corporation (Stock market, KOSDAQ, KONEX) or companies to be listed
- For companies with at least KRW 50 billion in total assets or sales at the end of the last fiscal year
- Company that does not satisfy 3 or more of the following 4 requirements

Total assets of KRW 12 billion or more
Total debt of KRW 7 billion or more
Total sales of KRW 10 billion or more
100+ employees

② Limited Company

- For companies with at least KRW 50 billion in total assets or sales at the end of the last business year
- Company that does not satisfy 3 or more of the following 5 requirements

Total assets of KRW 12 billion or more
Total debt of KRW 7 billion or more
Total sales of KRW 10 billion or more
100+ employees
50+ members (investors)

A limited company has higher possibility of external audit exemption than stock company due to wide range of options.

※ Article 5 (2) of the Enforcement Decree of the Act on External Audit of Stock Companies (enforced Oct 13, 2020)

Frequently Asked Question & Answer

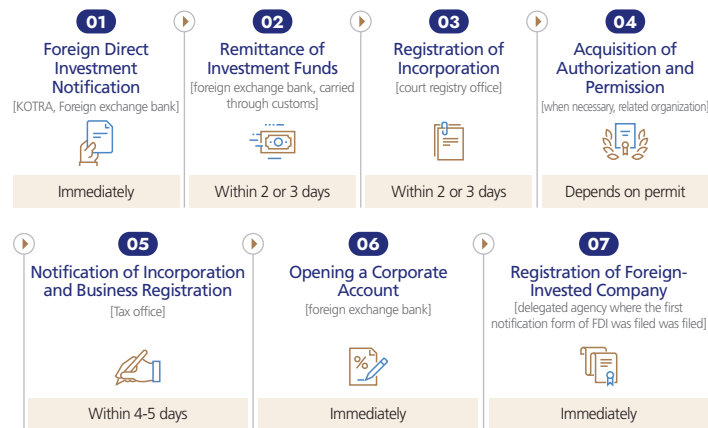
Q 01 What kind of visas can foreigners receive when they are dispatched to a foreign-invested company, a domestic branch of foreign corporation or a liaison office?

A business investment (D-8) visa is issued to indispensable professional specialists who are dispatched from the overseas headquarters to be engaged in the management, business administration or production, and technology of a foreign-invested company, as prescribed by the Foreign Investment Promotion Act. A dispatch (D-7) visa is issued to indispensable specialists who are dispatched to domestic branches or offices with at least a year of experience in foreign public institutions, organizations, or headquarters, branches, or offices.

Incorporation Procedure

The incorporation procedure of foreign-invested company pursuant to the Foreign Investment Promotion Act consists of the following: foreign direct investment notification, remittance of investment funds, registration of incorporation, acquisition of authorization and permission, notification of incorporation, business registration and registration of foreign-invested company. The procedures applied to foreigners are basically the same as those applied to Koreans with the exception of two additional steps of foreign direct investment notification and registration of foreign-invested company. It takes about two weeks for all those procedures and residence visa is issued after the registration of the company.

Incorporation Procedure



※ Related laws: Articles 5 and 21 of the Foreign Investment Promotion Act, Articles 6 and 27 of the Enforcement Decree of the Act, Articles 2 and 17 of the Enforcement Rules of the Act.

Some of the required documents must be apostilled, while signatory nations of the treaty are as follows. In case of non-signatory nations, only notarization of the Korean consulate located in the country is valid.

★ REQUIREMENTS

Foreign Investor

- **Certificate of nationality** (Foreigners : passport; Foreign corporation or organization : business license, certificate of incorporation or proof that the said corporation or organization is based in the said country) / **Copy of passport of foreign corporation's representative / shareholders' list of foreign corporation** (document certifying actual owner) / **Where an agent files an application : two (2) copies of power of attorney**

*Apostilled or notarized by Consulate after general notarization for the documents other than the passport

Executive (Foreigner)

- **Certificate of inauguration acceptance** (Apostilled or notarized by Consulate after general notarization) / **Copy of passport**

Representative (Foreigner)

- **Certificate of inauguration acceptance, signature notarization, certificate of address** (Apostilled or notarized by Consulate after general notarization) / **Copy of passport**



INFORMATION

Signatory Nations to the Apostille Treaty

Asia/ Oceania 18 nations	New Zealand, Niue, Marshall Islands, Mauritius, Mongolia, Vanuatu, Brunei Darussalam, Samoa, Australia, India, Japan, People's Republic of China (Macao, Hong Kong), Cook Islands, Tajikistan, Tonga, Fiji, Philippines, Republic of Korea
Europe 52 nations	Greece, Netherlands, Norway, Denmark, Germany, Latvia, Russian Federation, Romania, Luxembourg, Lithuania, Republic of North Liechtenstein, Macedonia, Monaco, Montenegro, Republic of Moldova, Malta, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, San Marino, Serbia, Sweden, Switzerland, Spain, Slovakia, Slovenia, Armenia, Iceland, Ireland, Azerbaijan, Andorra, Albania, Estonia, United Kingdom of Great Britain and Northern Ireland, Austria, Uzbekistan, Ukraine, Italy, Georgia, Czech Republic, Kazakhstan, Kosovo, Croatia, Kyrgyzstan, Cyprus, Turkey, Portugal, Poland, France, Finland, Hungary
North America 1 nation	United States of America (including Guam, Maui, Saipan, Puerto Rico)
Central & South America 30 nations	Guyana, Guatemala, Grenada, Nicaragua, Dominican Republic, Dominica, Mexico, Barbados, Bahamas, Venezuela, Belize, Bolivia, Brazil, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, Argentina, Antigua and Barbuda, Ecuador, El Salvador, Honduras, Uruguay, Chile, Costa Rica, Colombia, Trinidad and Tobago, Panama, Peru, Paraguay
Africa 12 nations	Namibia, South Africa, Liberia, Lesotho, Malawi, Botswana, Sao Tome and Principe, Seychelles, Eswatini, Cabo Verde, Burundi, Tunisia
Middle East 4 nations	Morocco, Bahrain, Oman, Israel
Total	117 nations

* Source: HCCH (Hague Conference) www.hcch.net

01. Foreign Direct Investment Notification

★ REQUIREMENTS

Foreign Direct Investment Notification

- 2 copies of the notification form
(Enforcement Rules of the Foreign Investment Promotion Act, Attached Form 1: notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- Foreign investor's certificate of nationality
(foreigners: passport; Foreign corporation or organization: business license, certificate of incorporation, or proof that the said corporation or organization is based in the said country)

[In case of non-cash investments]

- Documents certifying object of investment
(e.g. documents certifying the monetary value of industrial property rights, etc.)
- * Where an agent files an application: Power of Attorney and the agent's identification (ID card)

※ Contact: KOTRA Investment Consulting Center (1600-7119)

IN DETAIL

Technology evaluation

In cases wherein a technology is invested in kind, documents proving the valuation of the technology such as industrial property rights. Technology evaluation agencies include the Korea Institute for Advancement of Technology (KIAT), Technology Guarantee Fund, Korea Evaluation Institute of Industrial Technology (KEIT), Korea Environment Corporation, National Institute of Technology and Standards, Korea Institute of Science and Technology (KIST), Korea Institute of Science and Technology Information (KISTI), and National IT Industry Promotion Agency (NIPA).

※ Article 30 (4) of the Foreign Investment Promotion Act and Article 39 (2) of its Enforcement Decree; Article 4 of the Enforcement Decree of the Act on Special Measures for the Promotion of Venture Businesses

02. Remittance of Invested Funds

INFORMATION

Opening of a temporary account

A temporary account may be opened at a local bank by submitting a document certifying the nationality of the foreign investor (document certifying the existence of corporation or passport issued by the country of the foreign investor). The documents required may vary by bank. The funds should always be remitted in foreign currency, and the remittance purpose should be indicated as investment.

A foreign investor is required to pre-notify the FDI to KOTRA (Foreign Investor Support Center in KOTRA headquarters or at overseas investment hub offices) or a foreign exchange bank.

03. Registration of Incorporation

★ REQUIREMENTS

Registration of Incorporation

Online Registry of Supreme Court www.iros.go.kr  Library ▶ Registration application form ▶ Corporate registration ▶ Search (Registration of incorporation)

※ Contact: Corporate registration handling department of the Registry of Supreme Court (1544-0773→2→3)

04. Authorization and Permission

Where deemed necessary for business, a foreign investor must acquire the authorization and permission from the competent authorities: District Office, Health Center, Ministry of Food and Drug Safety, etc. The processing period may vary depending on the sort of authorization and permission for the type of business.

IN DETAIL

Examples of Business Types which Require Authorization and Permission

Cosmetics manufacturing, sales and import of cosmetics, food manufacturing, sales of medical equipment, medical equipment manufacturing, sales and import of medical equipment, mail-order sales (including E-commerce), restaurant, accommodation, sales of health food, sales and import of health food, travel, attraction of international patient, import of liquor, job placement, etc.

05. Notification of Incorporation and Business Registration

★ REQUIREMENTS

Notification of Incorporation and Business Registration

- Application form (Enforcement Rules of the Corporate Tax Act Form 73: Notification of incorporation and application of business registration)
- Articles of incorporation / Lease contract / Incorporation registration certificate / Shareholder's list / Foreign currency purchase certificate / Representative's passport / Foreign investment notification form Certificate of authorization and permission (where necessary) etc.

* Where an agent files an application: copy of the agent's ID card

※ Contact: Department handling value added tax at the National Tax Service (1544-0773→2→3)

Every tax office accepts notification of incorporation and business registration regardless of the jurisdiction. It takes three days for the registration.

06. Opening a Corporate Bank Account

A foreign investor may open a corporate bank account at a foreign exchange bank immediately. However, the choice of bank requires careful consideration since opening additional accounts at another bank is restricted for 20 business days.

★ REQUIREMENTS

Opening a Corporate Bank Account

- Incorporation registration certificate / copy of business license / certificate of corporate seal impression / corporate seal / copy of the representative's passport / Shareholders' list of headquarters (document certifying actual owner) / shareholder's list

* Where an agent opens an account: Power of attorney and a copy of the agent's ID card

07. Registration of Foreign-invested Company

After the registration of incorporation, foreign-invested company registration shall be undertaken at KOTRA or at a foreign exchange bank where the notification was first made as the last step of FDI incorporation. The registration should be completed within 60 days following the payment of the object of investment.

IN DETAIL

Notification or Application Form for Each Step

Websites of relevant organizations provide downloadable files of notification and application forms for each procedure.

• Forms for FDI notification and registration

Invest KOREA website www.investkorea.org ▶ Resources ▶ Library ▶ Forms

• Registration of incorporation

Online Registry of Supreme Court www.iros.go.kr ▶ Library ▶ Registration application form ▶ Corporate registration ▶ Search(Registration of incorporation)

• Notification of incorporation and registration of business

Ministry of Government Legislation www.moleg.go.kr ▶ Search ▶ Enforcement Rule of Value Added Tax Act ▶ Attached forms



INFORMATION

Cost of Incorporation

Examples of incorporation in overpopulation control areas including Seoul Metropolitan region (with capital of KRW 100 million)

Category	Amount (KRW)	Notes
Local registration tax	1,200,000	0.4% of the capital (tripled when a company is established in an overconcentration control area)
Local education tax	240,000	20% of the registration tax
Revenue stamp	25,000	Commission of registration application
Notarization fee	1,000,000	Articles of association, etc.
Total	2,465,000	

* The table above includes actual expenses, but excludes legal fees.

Seoul Metropolitan Overconcentration Control Area

- 1 Seoul Metropolitan City
- 2 Incheon Metropolitan City[except Ganghwagun, Ongjin-gun, Daegok-dong-Bulldong-Majeon-dong-Geumgok-dong-Oryudong-Wanggil-dong-Dangha-dong-Wondang-dong in Seo-gu, Incheon Free Economic Zone(including the areas that are lifted from free economic zone list) and Namdong national industrial complex]
- 3 Uijeongbu-si 4 Guri-si
- 5 Namyangju-si [only for Hopyeong-dong, Pyeongnae-dong, Geumgok-dong, Ilpaedong, Ipaedong, Sampae-dong, Gaun-dong, Suseok-dong, Jigeum-dong and Donong-dong]
- 6 Hanam 7 Goyang 8 Suwon 9 Seongnam 10 Anyang
- 11 Bucheon 12 Gwangmyeong 13 Gwacheon 14 Uiwang 15 Gunpo
- 16 Siheung [except Banwol special area (including the areas that are lifted from Banwol special area list)]

* Source: Ministry of Government Legislation (www.moleg.go.kr) → Search → "Enforcement Decree of the Seoul Metropolitan Area Readjustment Planning Act" → Attached Forms → Form 1

★ REQUIREMENTS

Registration of Foreign-invested Company

- Application form (Attached Form 17 of the Enforcement Rules of the Foreign Investment Promotion Act: Application form for foreign-invested company registration)
- Incorporation registration certificate / Foreign currency purchase certificate / Relevant contracts / Shareholder's list / Copy of business registration




* Where an agent files an application: Power of attorney and the agent's identification

Sites

- Understanding Industrial Locations
- Priority Zones for Foreign-invested Companies

The forms and business category of the relevant company should be considered to select the location of the foreign-invested company. Generally, a manufacturing company is advised to select an industrial park where factory founding is easy or construct a factory at a location by altering the individual zone category.

◆ Comparison of Sites

	 Free economic zones (9 zones)	 Areas or zones for foreign direct investment Complex-type (28 zones) Individual zones (78 zones)	 Free trade zones 7 industrial complexes, 6 ports/airports
Statutory grounds	• Special Act on the Designation and Operation of Free Economic Zones	• Foreign Investment Promotion Act	• Act on the Designation and Operation of Free Trade Zones
Procedure	• Requested by provincial governors or mayors ▶ review and resolution by the committee ▶ designated by the Industry Minister	• Requested by provincial governors or mayors ▶ review by the committee ▶ designated by provincial governors or mayors	• Requested by heads of central government agencies / requested by provincial governors or mayors ▶ review by the committee ▶ designated by the Industry Minister
Eligibility for tenancy	• Local businesses • Foreign-invested companies	• Foreign-invested businesses * Ratio of foreign investment 30% [†] , KRW 100 million [†] * New growth engine industrial technology business, advanced manufacturing businesses, R&D, and logistics industry	• Domestic • Foreign-invested companies * Manufacturing: 50% [†] should be exported * Wholesale business: 50% [†] should be imported and exported * Logistics industry and business support service
Tax rebate	Eligibility for admittance	• Foreign-invested business or company	• Foreign-invested businesses
	Requirements	• Manufacturing: USD 30 (10) million [†] • Logistics industry: USD 10 (5) million [†] • Tourism service: USD 20 (10) million [†] • R&D: USD 2 (1) million [†] & 10 [†] researchers hired • Medical institutions: USD 5 million [†] • Development service: USD 30 million [†]	• Manufacturing: USD 30 million [†] • Physical distribution: USD 10 million [†] • Tourism service: USD 20 million [†] • R&D: USD 2 million [†] & 10 [†] researchers hired
	Local or municipal tax	• Eligible businesses, reduction amount & period, reduction rate shall be pursuant to the standards prescribed by the Restriction of Local Taxation Act. * The tax credit period may be extended up to 15 years as set forth in municipal ordinances (Acquisition Tax, Property Taxes, etc.)	
Support for location	Customs duties	• 100% exemption on imported capital goods for five years * Individual consumption tax and VAT are also waived for seven years	• Exempted
		• Imported capital goods: 100% exemption for five years * Individual types: Individual consumption tax and VAT rebate	• Purchased inclusively by the central or municipal governments • State-owned land: Leased up to 50 years (1% of the land price, 50~100% reduction)

Understanding Industrial Locations

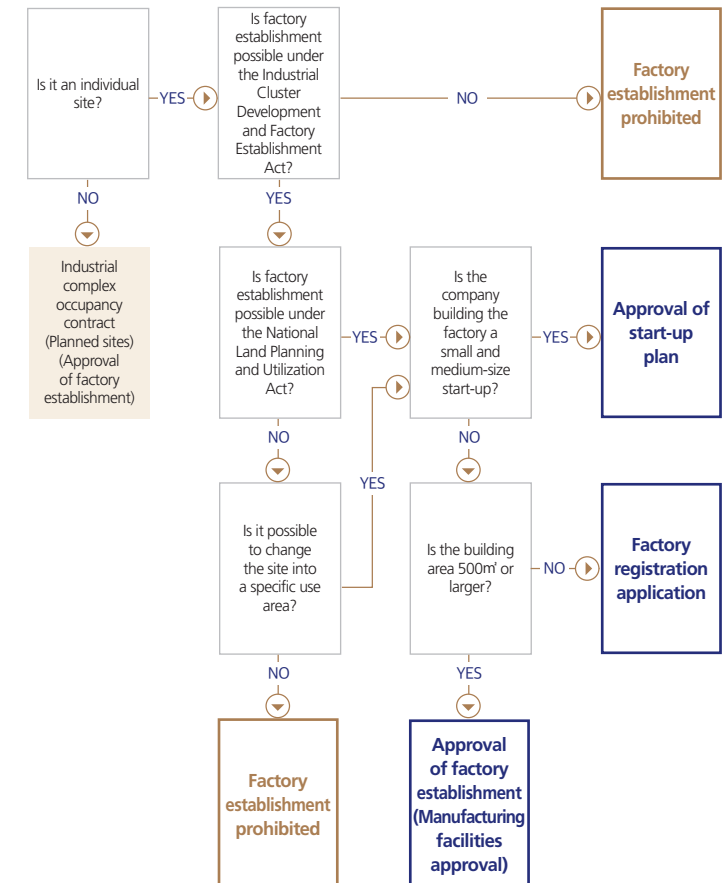
The forms and business category of the relevant company should be considered when selecting the location of the foreign-invested company. State-managed industrial complexes and general industrial complexes are planned sites in which major customers and related facilities are clustered. It is relatively easier to secure a factory site there, and they offer optimum conditions for operating a business. There are separate sites developed to attract foreign direct investment. Foreign-invested businesses may preferentially consider operating their business in foreign investment regions, free economic zones, and free trade zones that have been developed to attract foreign direct investment. They may also consider other planned locations or individual locations equipped with advantageous conditions depending on the business categories they plan to operate.

Types of locations that may be considered by foreign investors



Industrial locations may be divided into planned and individual locations. For example, in case of a manufacturing business that is most commonly considered in selecting industrial locations, a production facility should be put up. The factory establishment and permit/licensing procedures vary by location. When a factory is established on an individual location, the permit or licensing procedure is complicated. Note, however, that the factory establishment period and permit/licensing procedures are simplified in industrial parks or other planned locations that have been developed to facilitate the procedure for permitting/licensing manufacturing businesses. When a candidate location is found, it is necessary to examine the restrictions on land use as to factory establishment or construction and environmental regulations as follows.

Factory Establishment Procedures for Planned Location and Individual Location



01. Planned Location and Individual Location

Korea has been promoting industrial location policies to secure areas for production and operation, select quality locations, and recommend factory establishment in industrial complexes for the sake of systematic management. However, if it is unsuitable to establish a factory in an industrial complex due to reasons such as business conditions and land prices, it is possible to purchase a separate site and obtain necessary licenses and permits to establish a factory.

① Planned Location (Industrial Complex)

An industrial complex is an area designated and developed under a comprehensive plan to collectively set up industrial facilities and support facilities for employees and users. Assistance is provided to companies wishing to secure factory sites and find partner companies and human resources through clustering and the smooth supply of raw materials and parts. In recent years, industrial complexes have striven to establish industry-academia linkages and connect various support facilities.

Industrial complexes differ by location depending on the purpose of construction, while there are differences in the way industries are managed from location to location. Even within the same manufacturing industry, different business types can be located in different locations, while regulations for operation and management may differ by complex.

For example, despite being designated as an industrial complex, a foreign investment zone (industrial complex-type) and a national food cluster can exist within according to a "basic management plan" for each complex. A free trade zone, the Saemangeum zone, and INNOPOLIS are operated according to respective regulations, for example. Occupancy requirements for free trade zones are defined in the Act on Designation and Management of Free Trade Zones.

In the same context, industrial complexes cannot accommodate all location types. Special-purpose regions are redundantly or individually designated, or industrial parks are designated in a special-purpose region. Representative examples are foreign investment zones and free economic and trade zones, which are industrial locations developed to attract foreign direct investment.

INFORMATION

Restriction on the Sale or Disposal of a Factory in an Industrial Complex

In order to promote industrial clusterization, industrial complexes offer sale prices that are lower than the actual value of the land. Accordingly, in order to prevent tenants from distributing industrial land at low prices and selling it within a short period of time, regulations regarding the restriction of disposal have been established.

The period of restriction on sale or disposal is five years. Within this period, however, a company which has no choice but to sell the factory may do so via the disposal application system including via open sale, although the purchase price can be controlled by the relevant regulatory agency.

→ Except in the case of purchasing an existing factory site within an individual location or industrial complex.

※ Related law: Article 39 of the Industrial Cluster Development and Factory Establishment Act

② Individual Location

Individual location refers to any location except one within a pre-designated and developed location. In the event that a company purchases or leases land outside of an industrial complex or in a building in an urban or residential area, a factory can be established via acquisition of authorizations and permissions for altering usage.

When a company selects an individual location for manufacturing purposes, it is possible to occupy the location as a factory or Type II neighborhood lifestyle facilities (manufacturing establishment) under the "Enforcement Decree of the Building Act." However, since the whole property is designated as a "special purpose area" under the "National Land Planning and Utilization Act" and thus can be restricted from area to area, ascertaining the building use as well as restrictions as prescribed by the Act and local government policy should take precedence for new construction. Areas restricted for factory establishment can be altered to special purpose areas through an alteration of the "urban or county management plan," although approval from an urban planning committee is required.

※ Refer to "Standards for Factory Location" or Enforcement Decree of the National Land Planning and Utilization Act about the type of business by usage and location.

Pros and Cons of Industrial Complexes and Individual Locations

Industrial Complex

Individual Location

Pros

- Favorable SOC conditions including infrastructure
- Simplified procedures for factory establishment permission
- Ease of exchanging information and technology between corporations due to close proximity
- Reduction of distribution costs
- Government support is easier compared to individual locations

- Affordable land acquisition
- Available to occupy at the desired time and place
- Potential to locate near market
- Small-size location available
- Ease of sale and disposal of factory site

Cons

- Simplified procedures for factory establishment, although there are restrictions on sale and disposal of the site

- Complicated authorization and permission procedures for factory establishment
- Fewer incentives including tax exemption and financial support compared to industrial complex
- Burden of installation of necessary infrastructure including road and water supplies falls on the company
- Difficult to control environmental factors near factory

02. Factory Establishment

Factories are defined as business establishments for operating manufacturing businesses, which is the generic term for buildings, factory buildings, manufacturing facilities and their incidental facilities. Manufacturing businesses refer to manufacturing businesses as described under the Korean Standard Industry Classification promulgated by the Commissioner of Statistics Korea.

IN DETAIL

Scope of Factories

- Manufacturing facilities (including facilities for processing, assembling or repairing goods) and pilot manufacturing facilities
- Incidental facilities installed within a factory site to manage and support manufacturing facilities or for employee welfare or benefits
- Mandatory facilities and factory sites required under related law
- Factory site with the above facilities established

Factory Establishment Approval Procedure



① Factory establishment in an industrial complex (planned location)

Unlike individual sites, many parts of an industrial complex are complete and thus there are not many matters that require separate licenses. The types of businesses permitted in each industrial complex is pre-determined, which greatly reduces the time required for review.

The industrial complex submits to the management institution a "residence contract application" which has the same administrative effect as the "application for approval of factory establishment" for individual locations. In general, approval is given within five days of the application or within ten days if consultations with relevant authorities are required.

After approval of occupancy, procedures for the construction of the factory, the completion report, the confirmation of the site visit by the official in charge, and the registration of the factory are the same as for an individual location.

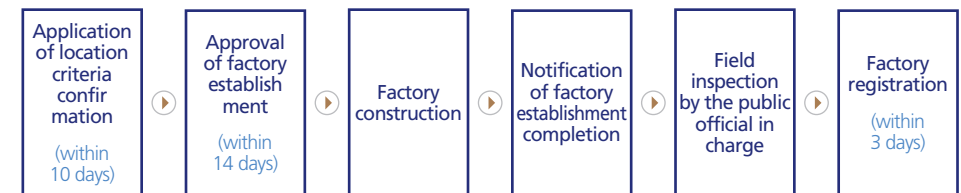
② Factory Establishment in an Individual Location

㉓ Establishment of an Individual Site Factory under the Act on Industrial Integration and Factory Establishment

In the case of an individual location, it is important to review all the laws and regulations due to there being so many laws about factory establishment. When the move-in application is submitted, it will be reviewed and approved within 20 days in accordance with Korea's Factory Establishment Approval System.

If the application is made to the municipality having jurisdiction over the site of the factory to be established, it may be approved within 14 days. If agenda processing* is applied, the approval period can be shortened to within seven days.

* Agenda processing: A system that improves the efficiency of administrative tasks and improves administrative services by collectively processing the authorizations and permits to be fulfilled according to individual laws.



• Application of Location Criteria Confirmation

This system allows you to confirm in advance whether or not a factory can be established on the site. The results are informed within 10 days of filing an application.

• Factory Construction

After the establishment of the factory is approved, land leveling, infrastructure installation, and construction can be carried out.

• Factory Registration

If the factory establishment report is completed within two months after construction and machinery and equipment installation, the official in charge visits the factory and checks whether the plant is operating according to the original application. If there are no issues, factory registration shall be completed within three days of the notification of establishment completion.



INFORMATION

Manufacturing Plant

Factory registration is optional for manufacturing establishments with a construction area of less 500m² or less and no emission of environmental pollutants. Therefore, it is possible to operate a manufacturing business after undertaking the administrative procedures for each industry such as business registration. However, if necessary, factory registration can be completed by applying for factory registration, while the approval of the factory establishment can be obtained along with the licensing system.

Small Business

As a special case for the establishment of a small-business factory, a business registration certificate shall be regarded as a factory registration document if a manufacturer who does not have a factory registration in the factory needs a factory registration certificate.

※ Related law: Article 62-10 of the Small and Medium Enterprises Promotion Act

⑤ Factory Establishment for SMEs in an Individual Location under the Support for Small and Medium Enterprise Establishment Act

Details of exemption from start-up charges for small and medium enterprises in manufacturing

Charges and Fees	Related Law	Charges and Fees	Related Law
Charges	Article 138 of the Local Autonomy Act	Waste charges	Article 12 (1) of the Act on the Promotion of Saving and Recycling of Resources
Farmland preservation charges	Article 38 (1) of the Farmland Act	Water use fees	Article 19 (1) of the Act on the Improvement of Water Quality and Support for Residents of the Han River Basin
Charges for the development of substitute grasslands	Article 23 (6) of the Grassland Act		Article 30 (1) of the Act on the Water Management and Resident Support in the Geumgang River Basin
Basic charges	Article 35 (2) 1 of the Clean Air Conservation Act		Article 32 (1) of the Act on the Water Management and Resident Support in the Nakdonggang River Basin
Basic discharge charges	Article 41 (1) 1 of the Water Quality and Ecosystem Conservation Act	Expenses incurred in creating forest replacement resources	Article 30 (1) of the Act on the Water Management and Resident Support in the Yeongsangang and Seomjingang River Basins
Charges	Article 51 (1) of the Electric Utility Act		Article 19 (1) of the Mountainous Districts Management Act

→ Exemption from charges and fees for three years from the business commencement date However, farmland preservation charges and alternative grassland creation costs are exempted for seven years from the commencement of the project.

※ Related law: Article 39-3 of the Support for Small and Medium Enterprise Establishment Act

IN DETAIL

Restrictions and Exceptions on Factory Establishment

- No person shall construct a new factory, expand or relocate the existing one, the construction area of which is at least 500m², nor change the type of business of a factory in an overconcentration control zone, growth management zone or nature conservation zone under the Seoul Metropolitan Area Readjustment Planning Act.

※ Article 20 (1) of the Industrial Cluster Development and Factory Establishment Act


As an exception, however, a foreign-invested company in a foreign investment zone may newly establish, expand or transfer a factory of at least 500m² (including within a knowledge industry center) or change its business type in a growth administration zone.

※ Article 20 (4) of the Foreign Investment Promotion Act

A new factory (including a knowledge industry center) with a factory building area of not less than 500m² may be newly or additionally built in Pyeongtaek City within a population growth-control area. However, a factory being newly constructed shall be limited to specified business types.

※ Article 25 of the Special Act on Support, etc. for Pyeongtaek City, etc. Following Relocation of U.S. Military Bases in Korea

Factory Establishment Support System

Factory-On(www.factoryon.go.kr ) Online Support System For Factory Establishment: An online factory establishment support system operated by the Korea Industrial Complex Corporation provides one-stop administrative services such as factory establishment information, establishment best practice guide, factory establishment grievance resolution, industrial complex tenancy,

application for certification, etc.

Local Support Centers for Factory Establishment operated by the Korea Industrial Complex Corporation

Centers in 13 regional headquarters and local branches in the country (Seoul, Incheon, Gyeonggi, Wonju, Cheonan, Daegu, Gumi, Ulsan, Busan, Changwon, Gwangju, Gunsan, Gwangyang)

- Online Support System for Factory Establishment www.femis.go.kr 

- Factory Establishment Team of Korea Industrial Complex Corporation
070-8895-7266

Related Laws for Factory Establishment Procedures

Law	Content
Industrial Cluster Development and Factory Establishment Act	Factory establishment approval process, authorization and permission for site renovation, conclusion of occupancy agreement, etc.
Support for Small and Medium Enterprise Establishment Act	The founder of a small and medium sized enterprise (manufacturing industry) may establish a factory with the approval of a start-up business plan (individual sites)

* Source: Korea Industrial Complex Corporation

Related Laws for Land Utilization

Law	Content
Seoul Metropolitan Area Readjustment Planning Act	Division and designation of 3 regions (overconcentration control region, growth management region, nature preservation region), restriction of factor overconcentration in the metropolitan area
National Land Planning and Utilization Act	Designation of special-purpose areas or special purpose districts and establishing a standard for buildable structures in the area
Industrial Sites and Development Act	Designation and creation of national industrial complexes (national industrial complex, general industrial complex, urban high-tech industrial complex and agricultural and industrial complex)
Building Act	Classification of 29 uses of a building (construction, regulations for the uses change procedure)
Private Road Act	Procedure of permission for private road building
Restitution of Development Gains Act	Restitution of development gains accruing from land (Imposition of charges, imposition standards, etc.)

Special Cases and Support Acts Concerning Establishment of Factories

Law	Content
Act on Special Measures for the Promotion of Venture Business	Special cases for laboratory factory, and venture businesses and founders within a business incubator
Act on Special Cases concerning Support for Technoparks	Special cases for factory establishment in a technopark
Framework Act on Small and Medium Enterprises	Scope of small and medium entrepreneurs
Small and Medium Enterprises Promotion Act	Special cases concerning establishment of factories by small enterprises

Environment Related Laws

Law	Content
Clean Air Conservation Act	
Water Quality and Ecosystem Conservation Act	The Clean Air Conservation Act defines the types of pollutant discharging facilities subject to notification and permission, and defines the "type" of workplaces according to pollutant emissions.
Noise and Vibration Control Act	
Waste Control Act	When developing land over a certain scale by region, site feasibility and environmental impact should be evaluated.
Environmental Impact Assessment Act	
Chemical Substances Control Act	Guidelines for chemical substances control: safety management for chemical handling facilities, preventive management for harmful chemical substances, preparation and response to chemical accidents
Act on Registration, Evaluation, etc. of Chemicals	Prescribed chemical substances registration, review and assessment of hazards and risks of products containing general/harmful chemical substances, and regulations for designation of hazardous chemical substances

Tax Support

Law	Content
Restriction of Special Taxation Act	<ul style="list-style-type: none"> Tax incentives for national taxes (income tax, corporate tax) <ul style="list-style-type: none"> Tenant companies, start-up companies, local relocation companies, etc., in industrial complexes Tax incentives for local taxes (acquisition tax, property tax) <ul style="list-style-type: none"> Foreign-invested companies
Restriction of Special Local Taxation Act	<ul style="list-style-type: none"> Tax incentives for local taxes by acquisition of real estate (acquisition tax, property tax, etc.) <ul style="list-style-type: none"> Tenant companies, start-ups, knowledge industry centers, local relocation companies, etc. in industrial complexes



INFORMATION

Reference material on environment-related licenses and permits for factory establishment and matters to observe when operating a factory

Environmental Policies in Korea 2020 (KOTRA)

Download



Priority Zones for Foreign-invested Companies

Industrial locations include areas to support foreign investors such as free economic zones, foreign investment zones and free trade zones, and locations supported in the form of lease or sale. These areas are subject to tax relief as well as location support when certain requirements are met. There are, in some cases, exceptions to those restricted by other legislation.

01. Foreign Investment Zone

Foreign investment zones are categorized into three types: complex-type, individual-type and service-type. Complex-type and individual-type zones provide lower rent fees and additional reduction of rent fees and tax exemption when certain requirements are met. Service-type zones provide incentives for the support of rental fees but no tax exemptions.

Designated Foreign Investment Zones

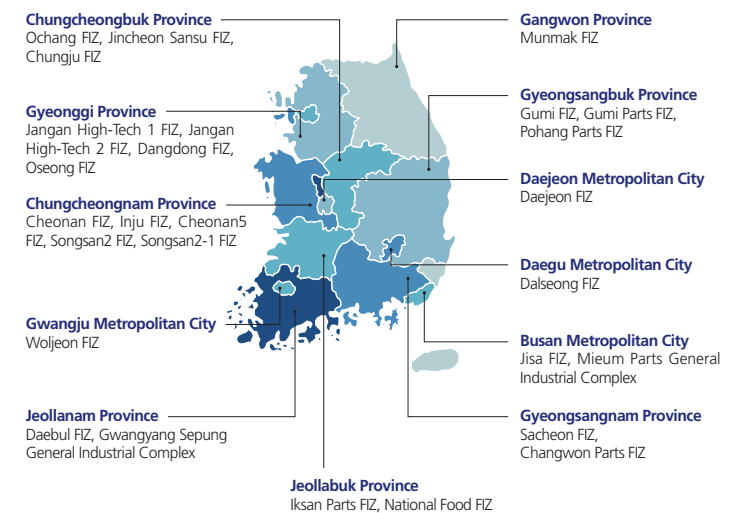
As of end-December 2020

	Complex-type	Individual-type	Service-type
Number of FIZs	28	78*	3

* An official count is announced after Mar. 2021.

Complex-type Foreign Investment Zones

As of end-December 2020



※ Refer to Major business

▶ FIZ Operation page at Korea Industrial Complex Corporation website (www.kicco.or.kr)

Rent in Foreign Investment Zones

As of end-December 2020

Complex	Monthly Rent (KRW/m)	Complex	Monthly Rent (KRW/m)	Complex	Monthly Rent (KRW/m)
Cheonan (Chungnam)	320	Dalseong (Daegu)	241	Munmak (Gangwon)	249
Daebul (Jeonnam)	74	Gumi Parts (Gyeongbuk)	155	Jincheon Sansu (Chungbuk)	144
Sacheon (Gyeongnam)	234	Oseong (Gyeonggi)	323	Songsan 2 (Chungnam)	290
Gumi (Gyeongbuk)	171	Pohang Parts	127	National Food (Jeonbuk)	122
Ochang (Chungbuk)	227	Iksan Parts	103	Chungju (Chungbuk)	160
Jangan 1 (Gyeonggi)	262	Changwon Nammun Parts	451	Songsan 2-1 (Chungnam)	290
Inju (Chungnam)	165	Miuem Parts	470	Gwangyang Sepung (Jeonnam)	248
Dangdong (Gyeonggi)	383	Cheonan 5 (Chungnam)	207	Songsan 2-2	290
Jisa (Busan)	446				
Jangan 2 (Gyeonggi)	303	Wouljeon (Gwangju)	(first)214 / (second)250	Daejeon	374

02. Free Economic Zone

A free economic zone is a special economic zone designed to create a business-friendly environment for foreign-invested companies and improve their employees' living conditions.

This area guarantees alleviation of various regulations and free business activities and is considered as a strong inducement to attract foreign direct investment. Saemangeum (free economic zone status lost in April 2018) is a national project developed and supported by government in accordance with the Special Act on Saemangeum, and provides inexpensive land and flexibility in the land utilization plan.

Free Economic Zones in the Country & Saemangeum

As of end-December 2020



Incheon / Incheon International Airport/ Incheon Port
Highly efficient business environment centered on world-class Incheon International Airport, port infrastructure and international business complex. Development of logistics, medical care, education, high-tech industry.



North Chungcheong Province / Cheongju International Airport
The airport is located in the central inland area, guaranteeing the shortest access nationwide. It is the backbone of IT and BT convergence and home to next generation strategic industries such as photovoltaic, semiconductor, and bio clusters. This region aims to be the hub of the Northeast Asian aviation maintenance industry.



East Coast / Yangyang International Airport, Eastern port
The region is a repository for non-ferrous metal mineral resources and was the venue for the 2018 Pyeongchang Winter Olympics. It includes Korea's largest nonferrous metal cluster and is the center of green material industry, international logistics, and high-end marine tourism throughout all four seasons.



Yellow Sea / Pyeongtaek Port, Dangjin Port
Pyeongtaek Port, located in the middle of the Pan-Yellow Sea region and an international cooperation hub, has been developed as an advanced base for export and import to China and a knowledge-based special economic zone. It is expected to become a cluster for global multinationals.



Daegu-Gyeongbuk / Daegu International Airport
The region is the center of Korea's key industry cluster including the top domestic automobile parts production, IT/SW industry, medical and steel industries, and offers abundant human resources.



Saemangeum
The area aims to be a center of global free trade including economy, industry and tourism based on its rich industrial foundation such as Gunsan Industrial Complex.



Ulsan port / Ulsan airport
As an energy industry hub in Northeast Asia, this industrial park plans to attract businesses specializing in hydrogen-technology businesses (hydrogen vehicles, fuel battery, parts manufacturing, R&D demonstration, hydrogen city).



Gwangyang Bay / Yeosu Airport, Gwangyang Port
Strategically located in the heart of the Pacific route, this area provides a natural environment and infrastructure for convenient production and logistics. The region aims to become an international trade city that combines new industries with cultural tourism.



Busan / Jinhae Gimhae International Airport/Busan New Port
Busan Port, the world's sixth-largest port by volume, is the largest logistics hub in Korea and linked to major feeder ports in Japan, China and Russia. It is the center of industrial clusters of shipbuilding, automobiles and machinery, as well as recreation and leisure.

* Free economic zones in Gwangju and Ulsan were newly designated in 2020, and their respective Authority offices will open in 2021.

03. Free Trade Zone

A free trade zone is a special region in which free manufacture, logistics, distribution and trade activities are guaranteed, and various benefits such as tax and rent reduction/exemption and facility support are provided for foreign investment pursuant to relevant laws. In particular, it offers the most advantages in import/export activities as it is a tariff deferral area.

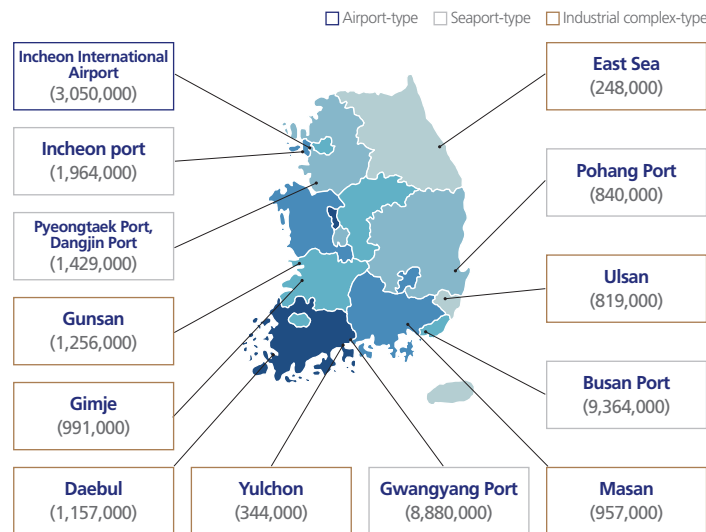
Overview of Free Trade Zones



* Source: Study on the reinforcement of special economic zones for attracting foreign direct investment, Korea Institute for Industrial Economics and Trade, 2013

Free Trade Zones in the Country

As of end-December 2018 (Unit: Thousand km²)



IN DETAIL

Foreign-invested companies, companies whose main purpose is export among companies that operate manufacturing businesses, knowledge businesses, domestic companies that relocated to Korea and companies operating a wholesale business mainly for export and import whose portion of export among sales accounted for 50 percent or more for one or more consecutive years during the three preceding years are eligible to move in. In addition, a service company which intends to conduct business in loading and unloading, transport, etc., as well as public institutions are eligible to move in.

※ Related law: Article 10 of the Act on Designation and Management of Free Trade Zones

04. Other Locations

① Areas focused on maintaining investment

In addition to regions designated to attract foreign investment, Saemangeum industrial parks, business cities, and Jeju Special Autonomous Province offer various incentives as they have been respectively designated under individual statutes to attract domestic and foreign investments.

② R&D, technology and industry clusters

Clusters designated for a specific R&D, technology or industry are designated individually or on existing industrial complexes, and are operated based on relevant laws. In such regions, incentives are provided for eligible businesses. Also, in some cases, if there are industrial sites within a special zone, there are regulations that permit manufacturing business or specialized business or related businesses may move in together. A complex is operated or managed based on the industry's basic management plan, so check the relevant plan to move in.

Category	Designated zones	Related statutes
Advanced medical research cluster	Daegu-Seongseo innovation city Chungbuk-Osong life science park	Special Act on the Designation and Support of Hi-Tech Medical Complexes
R&D specialized zone	Daejeon, Gwangju, Daegu, Busan, Jeonbuk	Special Act on the Development of R&D Clusters
International science business belt	Sindong, Dungok, and Doryong zones in Daedeok Innopolis	Special Act on Developing and Supporting an International Science Business Belt
Industrial parks specializing in basic industry	33 regions, including a plating coop park in Ansan	Act on the Promotion and Advancement of Basic Industries
Logistics complex	23 logistics complexes under operation in Gangneung	Act on the Development and Management of Logistics Facilities

※ The above zones are the most representative ones designated for fostering a specific industry.

CORPORATE
BUSINESS

Procedure

PART
6

Visa

- How to Enter Korea
- Procedure for Issuance of a Business Investment (D-8) Visa
- Exclusive Visa-Related Services for Foreign Investors
- Foreign Resident Registration Reservation System
- Visa Application by Status of Sojourn
- Favorable Immigration Policies
- Long-term Residence and Permanent Residence for Investors and Executives of Large-scale Investments
- Immigrant Investor for Public Business
- Real Estate Investment Immigration System

In principle, a foreigner should obtain a visa in advance in order to enter the Republic of Korea. Unauthorized entry and departure is not permitted even for a person who obtained a visa or is eligible for no visa entry, which means every person must go through the immigration declaration process at the border, airport and seaport, and entry may prohibited because of a failure to meet any of the requirements therein. In addition, a foreigner who intends to stay in Korea for more than 90 days should file for alien registration at the immigration office in the jurisdiction of the place of residence or regional immigration service.

How to Enter Korea

A foreigner can enter Republic of Korea through on of the following procedures:

< 1 >

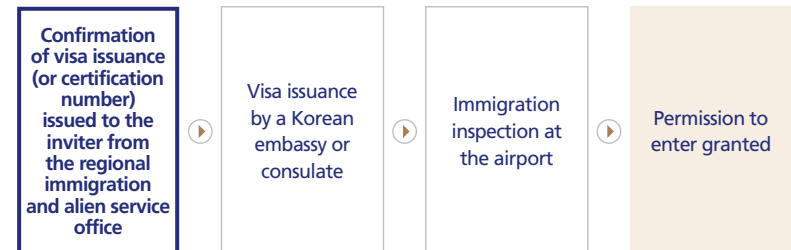
A foreigner may enter Korea by obtaining a visa issued at a diplomatic mission abroad



< 2 >

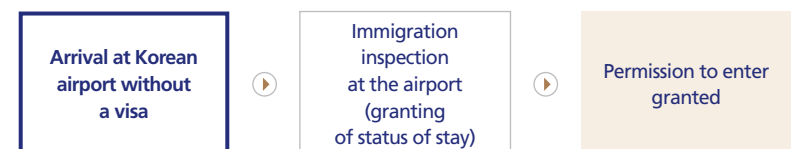
When necessity is especially recognized before a visa is issued

The confirmation of visa issuance (or certification number) should be obtained in advance by the inviter from the regional immigration and alien service office responsible for the area where the inviter resides and should be presented to the overseas diplomatic mission (consulate) to get the entry visa.

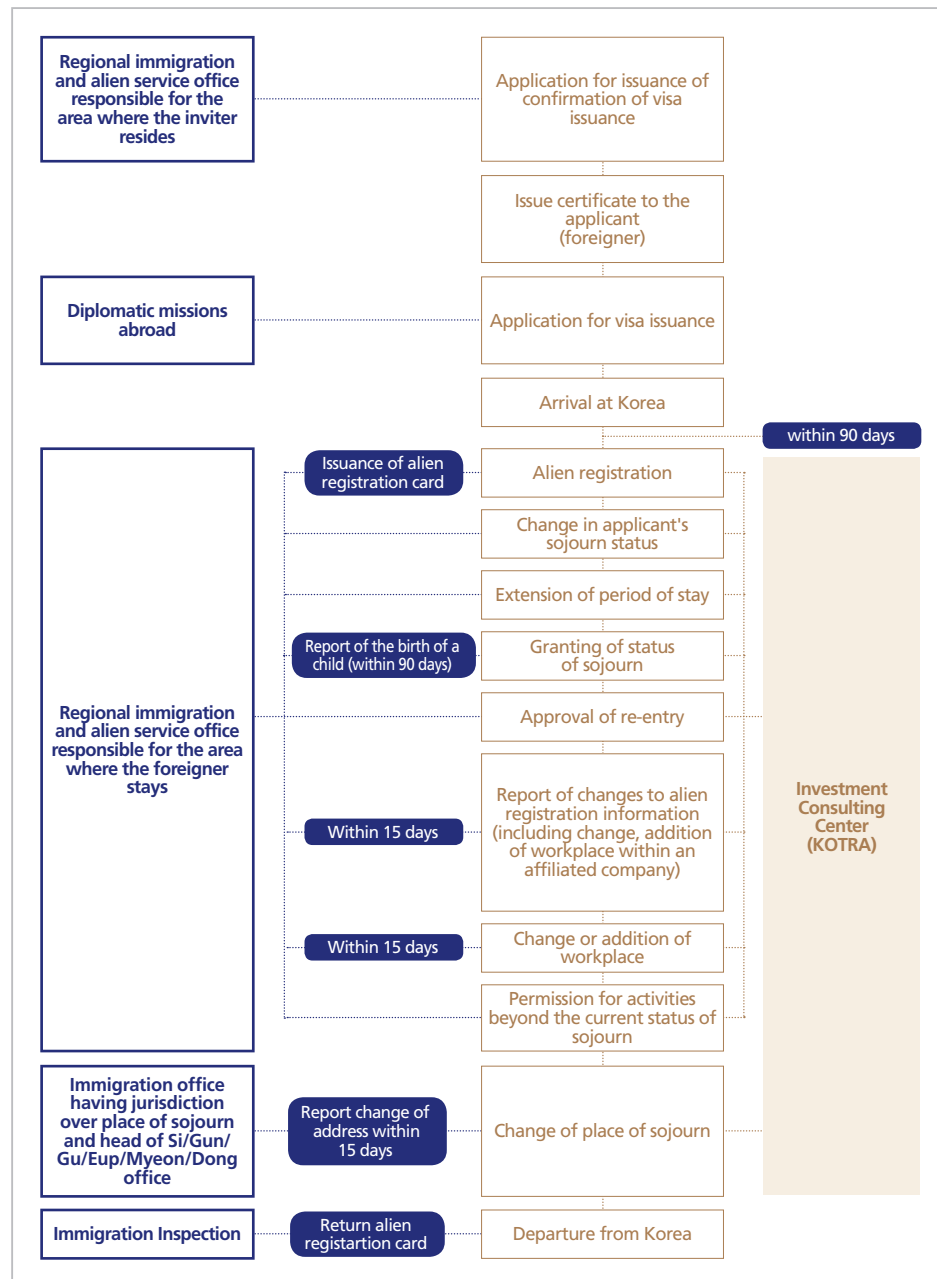


< 3 >

A foreigner may enter Korea without a visa and undergo an entry inspection at the airport of



Procedure for Issuance of a Business Investment (D-8) Visa



01. Issuance of Visa

① Procedure

The Minister of Justice has the authority to issue a visa although this authority may be delegated to the heads of overseas diplomatic missions as prescribed by Presidential Decree. For this reason, there are three methods of entry for foreigners: by obtaining a visa issued at a diplomatic mission abroad; by obtaining the status and the period of stay through immigration declaration after entry in the case where a foreigner holds the status of stay for a short-term visit or is eligible for entry without a visa; by obtaining visa issuance certificates (or certification number) from a regional immigration office in the jurisdiction of the inviting party's residence and submitting it to an overseas diplomatic mission.

② Method of Visa Issuance

- The head of an overseas diplomatic mission issues a visa upon acceptance of application.
- Scope of Visa Issuance: Only valid for a visa delegated by the Minister of Justice, the majority of which fall under short-term visit.
- A foreigner who plans to enter Korea can apply for a visa or receive a visa issuance certificate or certification number from a regional immigration service in the jurisdiction of the inviting party's residence with the application made by the inviting party. In case of the latter, a foreigner can obtain a visa by submitting the application stating the visa issuance certification number to the head of an overseas diplomatic mission.
- A foreigner with a short-term visa or who is eligible to enter without a visa must change the status of sojourn (D-8, etc.) at an immigration office or a regional immigration service.

→ Validity of visa issuance certificate: 3 months

02. Alien Registration

A foreigner with a long-term visa which permits a stay of longer than 90 days must apply for alien registration within 90 days to a local immigration office or a regional immigration service in the jurisdiction of his/her residence.

03. Changing Status of Sojourn

In order for a foreigner to engage in other activities that do not fall under the previously approved status of stay, he/she must obtain permission to change the status of sojourn in advance. A foreigner who engages in other activities without permission may be punished with a fine not exceeding KRW 20 million or receive a deportation order.



INFORMATION

① Extending Period of Sojourn

In order for a foreigner to stay beyond the period previously approved, he/she must obtain approval for the extension of the period of stay prior to its expiration. The application for approval to extend the period of stay shall be accepted from four months prior to the expiration date, in principle.

② Foreigner Born in Korea

A foreigner born in Korea without a status of sojourn must acquire a status of sojourn within 90 days from the date of birth.

③ Obligatory Self- Application by Foreigners

The foreigner himself/herself should apply for the extension of stay period and various other requests concerning stay visa or permit, as a rule. When the foreigner is younger than 17 years old or ill, or he/she has an extraordinary personal or business reason, however, the application or request may be made by a legal agent or an agent duly delegated by the foreigner. A foreigner must be in Korea when the proxy applies for a status of sojourn. Application via a proxy who is in possession of the passport of an applicant who is overseas is not permitted.

④ Restriction of Application and Cancellation of Permission by Representatives

When a foreigner's attendance is required during the process of applying for the status of sojourn, application by proxy may be restricted. In addition, when it is revealed that an application by proxy is made via unlawful means, approval may be rejected or revised.

04. Reporting Changes

① Change of Workplace

A foreigner who plans to change or add his/her workplace within his/her status of sojourn must obtain a change of workplace approval as well as any additional approvals in advance. However, a foreigner who possesses professional knowledge, technology, and skills (announced by Ministry of Justice) may apply for approval within 15 days from the day of the change/addition of workplace. A workplace which engages or recommends a foreigner without the permission may be subject to a fine not in excess of KRW 10 million. The foreigner may also be deported in such cases.

② Activities beyond the Status of Stay

In order for a foreigner to engage in activities beyond the status of stay, he/she must obtain a permission for the activities. A foreigner who engages in other activities without the permission may be punished by a fine not exceeding KRW 20 million or a deportation order.

③ Change of Residence

A foreigner who changes his/her place of residence must report the change to the head of the Si/Gun/Gu/Eup/Myeon/Dong office or to an immigration office or an regional immigration service in the jurisdiction of the new place of residence within 14 days of moving into the new place of residence. Failure to do so can result in a fine not exceeding KRW 1 million.

④ Obligations of Employers of Foreigners

When an employer who hires a foreigner eligible for employment has dismissed the foreigner, or when the foreigner resigns, dies, goes missing or important matters in the terms of employment are amended, the employer shall report this to the head of the competent regional immigration service within 15 days of becoming aware of such circumstances. Failure to do so may result in a fine not exceeding KRW 2 million.

* Source: Guide to Employing Foreigners and Visa - Stay in Korea (by Gilnam Park and Bongsoo Jung, Gangnam Labor Corporation)

Exclusive Visa-Related Services for Foreign Investors

KOTRA's Investment Consulting Center assists foreign investors with all matters pertaining to their visa and stay permits. Immigration officials are dispatched from the Ministry of Justice to handle matters such as change of the status of sojourn, extension of the period of stay, issuance of reentry permit, granting of the status of stay to children born in Korea, alien registration, report of the change of alien registration information, reporting a change in place of residence, and change or addition of workplace, regardless of the jurisdiction.

In addition, the Seoul Immigration Office's Investment Support Center (accessible also from Seoul Nambu Immigration Office) also provides visa related services exclusively to foreign investors to handle matters concerning stay permits and extension of the period of stay.

Foreign Resident Registration Reservation System

For the convenience of foreign residents, immigration offices and regional immigration services in six cities in the Seoul metropolitan area including Seoul, Suwon and Incheon operate a reservation system for visits regarding status of sojourn. Foreigners can log onto the Hi-Korea website to reserve the time and date, and visit the immigration office or regional immigration service to receive services without waiting.



INFORMATION

Immigration Contact Center: 1345 without the area code

- Information on Visa · Stay in Korea and various stay permits

Hi-Korea: hikorea.go.kr

- Manual for Visa · Stay in Korea and the status of stay, services including reservation for visits to apply for status of stay

Visa Application by Status of Sojourn

01. Business Investment (D-8) visa

① Eligibility

A D-8 visa is issued to indispensable professional specialists engaged in the management, business administration, production, or technology of a foreign-invested company, or to a person who founds a start-up enterprise with industrial property rights or intellectual property rights from its proprietary technology, and has been certified as a venture business.

- A person who has been dispatched to a foreign-invested company in Korea from its overseas parent company as an indispensable professional specialist can apply for a business investment visa. Employees of an affiliated company as well as the home office may be dispatched to the local company, but a document proving the affiliation should be submitted, and the dispatched period should be indicated on the HR order.
- A person who has established a corporation with an investment fund of at least KRW 100 million from overseas can apply for an investment visa.
- An indispensable professional specialist includes executives, senior managers, and specialists engaged in management, business administration, production and technology. Exceptions are for those engaged in tasks generally replaceable in Korea.

IN DETAIL

Indispensable professional specialists

• Executive

Those who primarily direct organizational management within an organization, exercise broad power in decision-making, and receive only general command and supervision from the BOD and shareholders as their companies' executives. (Executives may not directly perform tasks related to the actual supply of services or their organizations' services)

• Senior Manager

Those who establish and enforce corporate and departmental goals and policies, have authority over planning/ directing/supervision and the right to hire

and dismiss employees or to recommend taking such measures, and decide, supervise or control tasks carried out by other supervisory/professional/ managerial staff or exercise discretion in daily operations (except for first-line supervisors of non-professional service providers or those who directly provide services)

• Specialist

Those with a high level of professional and exclusive experience and knowledge necessary for research, design, technology and management of their companies' services

- Where to apply: Immigration office or regional immigration service in the jurisdiction of the place of applicant's residence or the foreign-invested company's location

② Where Change to D-8 in Korea is not Permitted

It is not possible for the following foreigners to change their status of sojourn to a D-8 visa in Korea: one who has entered Korea for the purpose of a group or personal tour; who has a temporary visa (C-3) and entered Korea as a member of group or personal tour; who has entered on an industrial trainee visa (D-3), a non-professional employment visa (E-9), crew employee visa (E-10), a working visa (H-2), miscellaneous (G-1), or a working holiday visa (H-1) from certain countries.

③ Change of Status of Sojourn and Alien Registration

Applicable to indispensable professional specialists engaged in management, business administration, production, or technology of a foreign-invested company.

④ Extension of period of sojourn

A D-8 visa holder who intends to stay longer than the permitted period should apply for an extension of the period of stay prior to expiry of the current sojourn period. The required documents are similar to the documents for change of the place of sojourn and more or less documents may be required for review.

★ REQUIREMENTS

For change of the status of stay and alien registration

[where the founder of a company is a foreign company]

- **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act) / **Passport, color passport photo**
- **Tuberculosis (TB) test certificate for nationals from high TB-burden countries** (confirmation issued by the local community health center)
- **List of high TB-burden countries (35 countries)**
Nepal, Timor-Leste, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos, Kazakhstan, Tajikistan, Ukraine, Azerbaijan, Belarus, Moldova Republic, Nigeria, South Africa, Ethiopia, Democratic Republic of the Congo, Kenya, Mozambique, Zimbabwe, Angola, Peru, Papua New Guinea
- **Copy of certificate of foreign-invested company registration / Copy of business license / Certificate of incorporation registration issued in the past three months / Dispatch order in the case of employees dispatched to Korea** (issued by the head office or the overseas corporation (previous workplace) and with a specified period) and **certificate of employment** (issued by the head office or the overseas corporation (previous workplace))
- **Document certifying qualification as indispensable professional specialists (one of the following):** Technical certifications (for engineers), certificate of career, company organizational chart, diploma
- **Certifications of sales (including results of import and export);** (Certificate of tax payment (including corporate tax, earned income tax, and value added tax))
- **Copy of place of residence certification** (residential lease agreement, etc.) / **Original copy of specification of change in shareholders**
- **Document certifying introduction of investment funds;** _ Permission (or declaration) to carry out foreign currency issued by the tax office or bank of the investor's home country (if applicable), Specification of introduced investment funds (certificate of remittance, certificate of purchasing of foreign currency, customs declaration) / **Copy of office lease contract**
- **Report on foreigner's occupation and annual income**
※ More or fewer documents may be required according to the business and investment type.

[where the founder of a company is a foreigner]

- **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act) / **Passport, color passport photo**
- **Tuberculosis (TB) test certificate for nationals from high TB-burden countries** (confirmation issued by the local community health center)
- **List of high TB-burden countries (35 countries)**
Nepal, Timor-Leste, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos, Kazakhstan, Tajikistan, Ukraine, Azerbaijan, Belarus, Moldova Republic, Nigeria, South Africa, Ethiopia, Democratic Republic of the Congo, Kenya, Mozambique, Zimbabwe, Angola, Peru, Papua New Guinea
- **Copy of certificate of foreign-invested company registration / Copy of business license / Certificate of incorporation registration issued in the past three months / Original copy of specification of change in shareholders / Copy of place of residence certification** (residential lease agreement, etc.) / **Copy of office lease contract / Document certifying introduction of investment funds / Photos of business place** (an overall view of business place, office space, and signboard, etc.) / **Document certifying business experience in the relevant industry or field (if necessary) / documents evidencing remittance of investment fund into the country** _ Permit (report) of foreign currency taken out of the country issued by the customs office or a bank of a foreign country / **Incoming remittance details (if transferred) or customs declaration (if carried out) / Certificate of foreign exchange purchased**
- **Certifications of sales (including results of import and export, if sales existed);** _ Certification of completion of export declaration (import and export permit), **Details of using investment fund / documents evidencing investment fund** _ Receipt for purchasing goods, Expense for office interiors, Details of deposits/withdrawals into/out of accounts of banks in the country, etc.
- **Report on foreigner's occupation and annual income**
※ More or fewer documents may be required according to the business and investment type.

02. Foreigner with special ability (E-7) Visa

An E-7 visa is issued to a foreigner who works in a certain professional field (85 types) where professional knowledge, technology and skills are required for the enhancement of national competitiveness. A foreigner who has worked on a contract basis for a Korean company with certain qualifications can acquire this visa upon applying for confirmation of visa issuance, in principle. In the event that there is a limited availability of professional technicians in a high-tech field, a change of the status of sojourn may be permitted.

03. Spouse or Family (F-3) Visa

This visa is issued to the spouse or minor dependents of foreigners eligible for D-8 or E-7 visa or stay permit. This visa is granted to the accompanying family members of those eligible for D-8 or E-7 visa until the expiry of the stay period.

IN DETAIL

Potential issues related to visa application

If the period of validity of domestically issued documents is not stated, the period is understood to be in the past three months since issuance. Required documents may vary for the review of an applicant's qualifications by the head of the local immigration office or regional immigrant service.

★ REQUIREMENTS

For change of the status of stay and alien registration

- **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act) / **Passport, color passport photo / Tuberculosis (TB) test certificate for nationals from high TB-burden countries** (confirmation issued by the local community health center) / **A copy of D-8-1 holder's certificate of alien registration / Document evidencing the place of sojourn** (real estate lease contract, etc.) / **Report of children attending elementary/secondary schools** (those aged between 6 and 18)
- **Handling fee** (KRW 100,000 for change of the status (for administration fee), Alien registration card issuance fee KRW 30,000 (cash only))
※ Documents to be attached may be added or reduced as required to check the qualification of the applicant.

For extension of the stay

- **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act) / **Passport, color passport photo / Tuberculosis (TB) test certificate for nationals from high TB-burden countries** (confirmation issued by the local community health center) / **A copy of D-8-1 holder's certificate of alien registration / Document evidencing the place of sojourn** (real estate lease contract, etc.) / **Report of children attending elementary/secondary schools** (those aged between 6 and 18)
- **Handling fee** (KRW 60,000 for extension)
※ Documents to be attached may be added or reduced as required to check the qualification of the applicant.



INFORMATION

Types of visas (36 types)

Category	Type of visa
Diplomacy, official business (A)	Diplomacy (A-1), Foreign Government Official (A-2), International agreement (A-3)
Visa exemption (B)	Visa Exempted (B-1), Tourist/Transit (B-2)
Short-term visit for nonprofit work (C)	Short-term News Coverage (C-1), Short-term Visit (C-3), Short-term Employee (C-4)
Long-term stay (D)	Korean Arts and Culture (D-1), Student (D-2), Industrial Trainee (D-3), General Trainee (D-4), Long-term News Coverage (D-5), Religious Worker (D-6), Intra-company Transferee (D-7), Business Investment (D-8), International Trade (D-9), Job Seeker (D-10)
Employment (E, H)	Professor (E-1), Foreign Language Instructor (E-2), Researcher (E-3), Technical Instructor (E-4), Professional (E-5), Culture and Entertainment (E-6), Foreigner with Special Ability (E-7), Nonprofessional (E-9), Vessel Crew (E-10), Working Holiday (H-1), Working visit (H-2)
Family Visitor and Dependent Family (F)	Visiting or Joining Family (F-1), Long-term Residence (F-2), Dependent Family (F-3), Permanent Residence (F-5): excluding overseas Korean and refugees, Marriage (F-6)
Other (G)	Other (G-1)

→ Status of sojourn for overseas Koreans: C-3 (Short-term visit), F-1 (Visiting or accompanying family), H-2 (Working visit), F-4 (Overseas Korean), F-5 (Permanent residence)

Favorable Immigration Policies

The Korean government provides foreign investors with a variety of benefits in relation to their arrival, departure, and stay. Foreign investors can receive favorable immigration related services, permanent residence if qualifications are met, and permission to hire foreign housekeepers. In addition, services for changing the status of sojourn, alien registration, and extension of the period of stay can be processed in the same day for maximum convenience.

01. Favorable Treatment of Immigration to D-8 Visa Holders

A business investment visa (D-8) holder is granted to use the exclusive immigration fast track and is exempt from payment of processing fees concerning status of sojourn permits.

- List of fee exemptions: Issuance of alien registration card (KRW 30,000), permit for extension of the period of sojourn (KRW 60,000), permit to change status of sojourn (KRW 100,000), re-entry permit (KRW 30,000-50,000)

→ No exemption is available for the service fee related to permission of activities beyond the current status of stay (KRW 120,000) or issuance of certificate of confirmation of alien registration (KRW 2,000)

02. Immigration Priority Card

An Immigration Priority Card is issued for management directors of overseas headquarters or Asian local headquarters of a foreign-invested company who meet certain qualifications. The cardholder can take advantage of the exclusive immigration fast track and the exclusive security checkpoint, etc.

Requirements for the Issuance of Immigration Priority Card

Category	Foreign-invested amount (notification basis)
Manufacturing	At least USD 15 million
Finance and Insurance	At least USD 50 million
Retail and wholesale, Logistics, Warehousing	At least USD 5 million
Others	At least USD 10 million
Research and Development	At least USD 2 million
Businesses accompanying technologies for new growth engine industries	

→ The arrived investment amount should be at least 50 percent of the notified amount to renew the expired Immigration Priority Card.

Application and contact: KOTRA Foreign Investor Support Center 02-3497-1971

Long-term Residence and Permanent Residence for Investors and Executives of Large-scale Investments

01. Long-term Residence (F-2) Visa

A long-term residence (F-2) visa shall be granted for those who have invested at least USD 500,000 and resided in Korea for three years or longer on business investment (D-8) visa, and executives who have been dispatched to a foreign-invested company from a foreign company which has invested at least USD 500,000 in Korea after all documentation is submitted.

→ An F-2 visa shall be granted to an employer who has invested at least USD 300,000 and hired two or more Korean employees.

02. Permanent Residence (F-5) Visa

A permanent residence (F-5-5) visa shall be granted to a foreign investor who has invested at least USD 500,000 and hired five or more Korean employees.

Executives of a foreign-invested company can also apply for a permanent residency visa. A permanent residency for special contribution (F-5-12) visa shall be granted to executives (auditor and director only) who have been dispatched to a foreign-invested company which has invested at least USD 5 million and have resided in Korea for at least three years after documentation is approved by the Minister of Justice.

→ Permanent residence shall be granted to one executive per every 10 Koreans employed as full-time employees, while the maximum number of executives granted permanent residency is ten per company.

Immigrant Investor for Public Business

A long-term residence (F-2) visa can be granted to a foreigner who has invested at least KRW 500 million in Korea and changed his/her status of sojourn to permanent residence (F-5) if the foreigner maintains the investment for five years. In this case, the foreigner's spouse and unmarried, underage children shall be granted the same privilege.

Procedure of Conditional Approval of Permanent Residence to Large Investment



IN DETAIL

Immigrant Investor for Public Business

- In case of investing in a principal-guaranteed and interest-free fund designated by the Minister of Justice for five years or longer

A financial loan product for smart factory establishment using the investment immigration fund is offered by the Ministry of Justice and the Korea Development Bank to support SMEs' smart factory establishment.

- The fund guarantees the principal and the investment can be recovered at any time. The approved status of sojourn, however, shall be forfeited when all (or part) of the investment is collected.

※ Contact: Global Talent Visa Center of the Ministry of Justice 032-740-7788, 7600

Real Estate Investment Immigration System

Long-term residency (F-2) is granted to a foreigner who has invested at least KRW 500 million in resort facilities designated by the Minister of Justice. Permanent residence (F-5) can then be granted if the foreigner maintains the investment for five years.

IN DETAIL

Notice to Immigrant Investors for Real Estate/ Source: www.visa.go.kr

1. Maintaining Investment Status

The investment qualifications are forfeited if the investment facilities are leased to another person, pledged as collateral, seized or sold. An investor who loses his/her investment qualifications shall be deemed an unregistered alien and thus unable to stay in Korea with an investment visa.

2. Employment or Economic Activities

An investor with an investment visa is free in regard to employment, economic activities, and study, but is prohibited to operate or be employed in business regarding speculative acts or offensive acts against public morals.

3. Period of Permit for Re-entry

Investors who registered as an alien must enter Korea at least once a year or their alien registration shall be cancelled.

4. Extension of the period of stay

An investor with an investment visa should enter Korea before the expiration of the period of sojourn and obtain permission to extend the period from an immigration office or their alien registration shall be cancelled.

5. Contact:

Immigrant Investor Center in the Ministry of Justice (032-740-7888) / Immigration Contact Center (1345)



INFORMATION

For More Information on Visa and Living in Korea

Living in Korea 2020 (KOTRA)

Download



Frequently Asked Question & Answer

Q 01 What is the difference between a visa and the status of stay?

The status of stay refers to a legal status allowing an alien to stay in Korea and engage in certain activities. The Immigrant Act grants certain rights to the status of stay which is divided into 36 categories. In this sense, visa and the status of stay can be considered the same in practical terms.

Incentive

-
- Tax Reduction and Exemption
 - Location support for foreign investment zones
 - Cash grant
 - R&D support
 - Management support

Tax Reduction and Exemption

- Eligibility and Procedure
- Benefits



The Korean government provides incentives in the form of reductions and exemptions on taxes including acquisition tax, property tax, customs duty, and value-added tax for foreign investors in order to promote investment and national economic development through the transfer of advanced technologies. Tax reductions or special provisions on taxation are also provided to foreign engineers and workers.

◆ Tax reduction and exemption for foreign investment under the Restriction of Special Taxation Act

Recipient	Tax reduction and exemption	Related law
Foreign-invested company	Reduction of and exemption from acquisition tax and property tax on acquired or held properties	The Restriction of Special Local Taxation Act Article 78 (3)
	Exemption from customs duty, individual consumption tax, and value-added tax by bringing in capital goods	The Restriction of Special Local Taxation Act Article 121 (3) 1-2
Foreign Engineer	50% of Income tax reduction and exemption (for 5 years)	The Restriction of Special Local Taxation Act Article 18
Foreign Worker	Flat tax rate of 19% (for 5 years)	The Restriction of Special Local Taxation Act Article 18 (2)

Eligibility and Procedure

01. Businesses Eligible for Tax Reduction and Exemption

Businesses eligible for tax reduction and exemption are defined in Article 121-2 of the Restriction of Special Taxation Act and 116-2 of the Enforcement Decree of the Act.

Eligible Businesses (related law)	Investment Requirements, etc.	
	Category	FDI Amount
- Technologies for new growth engine industries and source technologies - Technology for materials and production processes directly related to new growth engine industries and source technologies ※ Attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act, Attached Table 14 of the Enforcement Rules on the Act	A manufacturing facility is installed or operated for the business	At least USD 2 million
	Manufacturing, etc.	At least USD 30 million
Companies in a Foreign Investment Zone (individual-type) as prescribed by Article 18 (1) 2 of the Foreign Investment Promotion Act and companies in a free trade zone, Jeju Advanced Science and Technology Complexes, Jeju Investment Promotion Zone, etc. that have undergone review and received approval by the relevant committees ※ Companies in a free export zone are granted the same tax reduction as companies in a Foreign Investment Zone (individual-type)	Tourism	At least USD 20 million
	Resort	
	International conference facilities	
	Youth training facilities	At least USD 10 million
	Logistics	
	SOC	
	R&D	At least USD 2 million
	Joint venture	At least USD 30 million

Eligible Businesses (related law)	Investment Requirements, etc.	
	Category	FDI Amount
Companies in a Free Economic Zone ※ Article 2 subparagraph 1 of the Special Act on Designation and Management of Free Economic Zones	Manufacturing	At least USD 10 million
	Tourism	
	Resort	
	International conference facilities	
	Youth training facilities	At least USD 5 million
	Logistics	
	Medical institutions	
	R&D	At least USD 1 million
Development project entity in a free economic zone ※ Article 8-3 of the Special Act on Designation and Management of Free Economic Zones	Total development projects worth at least USD 500 million with: - Foreign investment of at least USD 30 million or; - Foreign investment ratio of at least 50 percent	
Development project entities in Jeju Special Investment Promotion Zone ※ Article 162 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City	Total development projects worth at least USD 100 million with: - Foreign investment of at least USD 10 million or; - Foreign investment ratio of at least 50 percent	
Companies in a foreign investment zone (complex-type) as prescribed by Article 18 (1) 1 of the Foreign Investment Promotion Act	Manufacturing	At least USD 10 million
	Logistics	At least USD 5 million
Companies in an enterprise city development zone ※ Article 2 subparagraph 2 of the Special Act on the Development of Enterprise Cities	Manufacturing, etc.	At least USD 10 million
	Logistics	At least USD 5 million
	R&D	At least USD 2 million
Development project entities in enterprise city development projects ※ Article 10 (1) of the Special Act on the Development of Enterprise Cities	Total development projects worth at least USD 500 million with: - Foreign investment of at least USD 30 million or; - Foreign investment ratio of at least 50 percent	
Businesses or development project entities in the Saemangeum project area ※ Article 2 and 8 of the Special Act on Promotion and Support for Saemangeum Project	Manufacturing	At least USD 10 million
	Tourism	At least USD 5 million
	Logistics	
	R&D	
Businesses for which a tax reduction or exemption is inevitably allowed ※ Article 10 (1) 2 and 5 of the Act on Designation and Management of Free Trade Zones	Manufacturing	At least USD 10 million
	Logistics	At least USD 5 million



INFORMATION

Technologies for New Growth Engine Industries and Source Technologies

40 fields in 11 categories, 173 technologies in total

Category	Field
Future Vehicles	Autonomous vehicles, electric vehicles
Intelligent Information	Artificial intelligence, IoT, cloud, big data, wearable smart appliances, IT convergence, blockchain, quantum computer
Next-generation Software & Security	Software technology, convergence security
Content	Realistic content, cultural content
Next-generation Electronic Information Devices	Intelligent semiconductors and sensors, materials for semiconductors, etc., high-performance displays like OLED, 3D printing, AR devices
Next-generation Broadcasting and Telecommunication	5G mobile telecom, UHD
Bio & health	Bio-medicine, compound medicine, medical devices, healthcare products, biotechnology for agricultural, marine and food products, materials for biocosmetics
New energy business, Environment	ESS, new and renewable energy, enhancement of energy efficiency, greenhouse gas reduction, carbon capture and sequestration, nuclear energy
Composite & Integrated Materials	High performance textiles, ultra-light metal, hyper-plastic, Titanium, Copper alloy, Molybdenum, Alloy steel, Functional elasticity · adhesive material
Robots	High-tech manufacturing robots, medical robots, service robots, robots in general
Aerospace	Unmanned vehicles, space technology
Advanced Materials · Parts · Equipment	Advanced Materials · Parts · Equipment

※ Related law: Attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act (Amended Feb. 11, 2020)

Technologies for Materials and Production Processes Directly Related to New Growth Engine Industries and Source Technologies

11 for materials, 5 for production processes, 16 technologies in total

Type Classification	Technology
Material Technology	High-density semiconductor material technology
	Flexible conductive material technology
	Micro-LED material technology
	Battery material technology for electric vehicles
	Material technology for functional smart sensors
	Technology for carbon composite new materials
	Multi-material technology for 3D printing (green, medical, and aesthetic use)
	High performance chemical new material technology
	Technology of micro-bio semiconductor materials for genetic tests
	Organic-Inorganic Hybrid Nano-Materials technology
Process Technology	Super Engineering Plastic (SEP) material technology
	Intelligent power semiconductor module technology
	Production technology of wide and flexible OLED
	Technology for machining and processing of metallic materials
	Functional (thermostable, ultra-small) lens resin and manufacturing process technology
	Technology for improving the precision of OLED material patterns

※ Related law: Attached Table 14 of the Enforcement Rule of the Restriction of Special Taxation Act (Newly Inserted, Mar. 17, 2017)

02. Procedure

A foreign-invested company that intends to obtain tax reductions or exemptions or to alter the details of its business subject to a decision on tax reduction or exemption shall file an application for tax reduction and exemption with the Minister of Strategy and Finance (with the administrative authorities of Free Trade Zones when the company is in the FTZ).

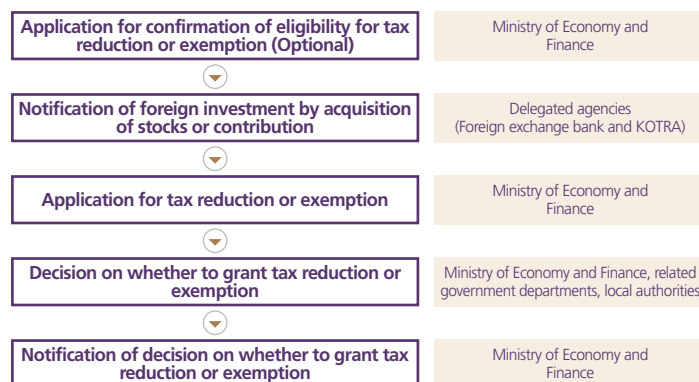
※ Related law: Article 121-2 (6) of the Restriction of Special Taxation Act

The International Economic Policy Division (044-215-7625) of the Ministry of Economy and Finance accepts applications for tax reduction and exemption. A foreign investor who wishes to apply for tax exemption and FDI notification at the same time may file the application with a foreign investment notification at the same time at foreign exchange banks (delegated agencies) or KOTRA.

※ Related laws: Article 15-3 of the Enforcement Rules of the Restriction of Special Taxation Act and Public Notice no. 2017-10 of the Ministry of Economy and Finance (April 4, 2017), Article 5 (2) of the Regulations Defining Tax Exemptions for Foreign Investment

In the case of new investment, an application for tax reduction and exemption shall be filed by the end of the taxable year in which the date its business commences. Where the details of the business granted tax reduction or exemption are altered, an application for change shall be filed by no later than two years from the date the grounds for the relevant alteration occurred.

Application procedure for tax reduction and exemption



★ REQUIREMENTS

Application for tax reduction and exemption or alteration

- **Notification** (Attached Form 1 of the Enforcement Rules of the Foreign Investment Promotion Act: Notification form of foreign investment by acquisition of stocks or contribution and application for approval)
 - **Application for tax reduction or exemption or application to amend the details of tax reduction or exemption** (Attached Form 80 of the Enforcement Rules of the Restriction of Special Taxation Act)
 - **Documents demonstrating or explaining in detail the reasons for filing the application for tax reduction or exemption or the application for amending the details of tax reduction or exemption.**
- Required documents prescribed by attached Table 2 of the Regulations Defining Tax Exemption for Foreign Investment
- **Copy of business license / Certificate of foreign-invested company registration**

* Submit 3 copies of each document.

① Advance verification of eligibility for tax reduction and exemption

A foreign investor may request to verify whether a business he/she or it intends to operate is eligible for tax reductions or exemptions before he/she/it notifies FDI. Since the verification confirms simply whether the technology is subject to tax reductions or exemptions and the effect of the decision is invalid, an application for tax reductions or exemption shall be required additionally after notifying FDI.

※ Related law: Article 121-2 (6), (7) of the Restriction of Special Taxation Act

② Decision and notification of tax reduction or exemption

The Minister of Economy and Finance shall examine whether the relevant application meets the standards for tax reduction or exemption and make a decision on whether to grant the reduction or exemption or whether to make any revision to the particulars of reduction or exemption within 20 days, following negotiation with the relevant Minister and the head of local government. He/she shall notify thereof to the applicant, the director of the National Tax Service, the commissioner of Customs and the head of local government. However, an extension of the review period by up to 20 days is allowed in inevitable cases.

③ Preliminary notice of ineligible business for tax reduction or exemption

The Minister of Economy and Finance shall, when intending to determine a business as ineligible for tax reduction or exemption upon receiving an application for tax reduction or exemption, give preliminary notice of such determination within 20 days of the application date. The applicant may file a request in writing for a review of the appropriateness of the determination thus notified within 20 days of the date on which the notice has been delivered, with supporting materials attached thereto. The Minister shall make a decision on whether to grant the reduction or exemption or whether to make any revisions to the particulars of reduction or exemption within 20 days of the date on which the request is delivered and notify the applicant of the result thereof.

※ Related law: Article 121-2 (8) of the Restriction of Special Taxation Act, Article 116-3 (1)-(6) of the Enforcement Decree of the Act

IN DETAIL

Documents certifying the reasons for filing the application for tax reduction or exemption (for tax reduction or exemption for altered business, or verification of whether a business is eligible for tax reduction or exemption)

※ Related law: Public notice no. 2017-10 of the Ministry of Economy and Finance, April 4, 2017 and attached Table 2 of the Regulations Defining Tax Exemptions for Foreign Investment

★ REQUIREMENTS

Advance verification of eligibility for tax reduction and exemption

- **Application for advance verification of eligibility for tax reduction or exemption** (Attached Form 81 of the Enforcement Rules of the Restriction of Special Taxation Act)
 - **Document demonstrating or explaining in detail the reasons for filing the application for tax reduction or exemption or the application for amending the details of tax reduction or exemption**
- Required documents prescribed by attached Table 2 of the Regulations Defining Tax Exemption for Foreign Investment

* Submit 3 copies of each document.

Check List

**Checklist for Application for Tax Reduction or Exemption of New Growth Engine Industry**

Checkpoints	YES	NO
1. Confirm whether the technology is written in the attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act or the attached Table 14 of the Enforcement Rule of the Act (filling in the exact details on the application for tax reduction and exemption) e.g. '3-Visual recognition technology' under 'a. AI' of the '2. Intelligent information' in the attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act(technologies for new growth engine industry technologies)	<input type="checkbox"/>	<input type="checkbox"/>
2. Submit documents certifying that the technology concerns the business accompanying a new growth engine industry technology necessary for upgrading the domestic industrial structure and enhancing domestic industries' global competitiveness • patent rights, certificates of authorized institution, test results, evaluations or other reports certifying the qualification of the technology concerned	<input type="checkbox"/>	<input type="checkbox"/>
3. Submit a description of the technology		
① Submit a key point summary of the technology (1~2p)	<input type="checkbox"/>	<input type="checkbox"/>
② Submit a description of technical features and its details	<input type="checkbox"/>	<input type="checkbox"/>
③ Write down the business activities to conduct with the technology	<input type="checkbox"/>	<input type="checkbox"/>
4. Submit the documents certifying the plan for installation or operation of factory (work place) to conduct the business activities with the technology		
① Submit a description of production methods and process chart (for manufacturing technologies)	<input type="checkbox"/>	<input type="checkbox"/>
② Document certifying the location of the factory that produces products using the technology	<input type="checkbox"/>	<input type="checkbox"/>
5. Verify whether the business is directly related to a business entitled to tax reduction or exemption • The documents such as production methods and schedules for projects subject to reduction and exemption and related projects are needed.	<input type="checkbox"/>	<input type="checkbox"/>
6. Submit a notification of foreign investment by acquisition of stocks or contribution	<input type="checkbox"/>	<input type="checkbox"/>
7. Submit the Korean translation for documents written in English or other languages	<input type="checkbox"/>	<input type="checkbox"/>

* Source: Ministry of Economy and Finance

Benefits**01.
Reduction of
Acquisition Tax
and Property Tax**

The property acquired and owned by a foreign-invested company to operate a reported business is eligible for a reduction of, or exemption from, acquisition tax and property tax.

Eligibility for Reduction/Exemption : Property Acquired or Held since the Date of Business Commencement

Category	Business	Period and Ratio of Reduction and Exemption
Acquisition Tax and Property Tax (Property Tax on Land)	Deliberated and voted upon by each committee for the companies in the new growth engine industry and businesses in individual-type Foreign Investment Zone	Full exemption of amount of tax eligible for reduction or exemption (amount of tax eligible for deduction) for 5 years from the date the business commenced, and 50 percent of tax reduction or exemption for 2 years thereafter (deduction from the tax base)
	Companies and project entities in FIZs (Complex-type), FEZs Jeju Investment Promotion Zone, enterprise city development zone, Saemangeum project area, FTZs, etc.	Full exemption of amount of tax eligible for reduction or exemption for 3 years from the date the business commenced, and 50 percent of tax reduction or exemption for 2 years thereafter

※ Related law: Article 121-2 (4) of the Restriction of Special Taxation Act

IN DETAIL**Exception: Property acquired or held before the date of business commencement**

Acquisition tax on property acquired after the foreign-invested company is notified of a decision on tax reduction or exemption shall be fully exempted irrespective of the date of business commencement. Property tax shall be reduced or exempted during the period above and by the percentage above since the reduction and exemption period for property tax is calculated from the 'acquisition date', not from the 'business commencement date.'

※ Related law: Article 78-3 (2) of the Restriction of Special Taxation Act

Extension of Local Tax Reduction under Ordinance

Where a local government extends the reduction or exemption period up to 15 years under ordinances prescribed by Article 4 of the Restriction of Special Taxation Act or raises the reduction/exemption ratio within the scope of the extended period, the extended period or ratio shall be observed, irrespective of the above reduction and exemptions prescribed by the Restriction of Special Taxation Act.

02. Reduction and Exemption of Tax Including Customs Duty, Individual Consumption Tax, and Value-added Tax for Capital Goods

Customs duties, individual consumption tax and value-added tax are exempted on capital goods imported through notification of foreign investment by acquisition of newly-issued stocks, etc., among the following capital goods that are used in a business subject to tax reduction or exemption, under the Restrictions of Special Taxation Act.

- Capital goods brought in by a foreign-invested company with a foreign or domestic means of payment obtained as equity investment from a foreign investor
- Capital goods that are brought in by a foreign investor as an object of investment

※ Related law: Article 121-3 of the Restriction of Special Taxation Act

① Application

Where a company which was granted tax reduction or exemption intends to apply for exemption from customs duties, individual consumption tax, and value-added tax for capital goods importation, it shall file an application for exemption from customs duties, individual consumption tax and value-added tax with the head of the relevant customs office in addition to the following documents.

② Due Date for Application

The import declaration for the capital goods subject to tax reduction and exemption under the Customs Act shall be completed within five years from the date of reporting the investment under the Foreign Investment Promotion Act. However, if the import report cannot be completed within the above period due to other inevitable reasons such as delayed approval of factory establishment, the government may apply for an extension of one year to the Minister of Strategy and Finance for approval before the end of the period (a total of six years).

③ Exception

Exemption is not granted for investments in which the existing stocks or shares issued by a national or corporation of the Republic of Korea are acquired.

★ REQUIREMENTS

Reduction and exemption of tax including customs duty, individual consumption tax, and value-added tax for capital goods

- **Application form**
(for exemption from customs duties, individual consumption tax and value-added tax (foreign investment): Form 83 of the Enforcement Rule of the Restriction of Special Taxation Act)
- **A copy of documents demonstrating that the relevant business is eligible for tax reduction or exemption (written decision for tax reduction or exemption)**
- **A copy of documents certifying capital goods imported as instruments, etc., of foreign payment or an object of investment**
- **A copy of the statement of details of imported capital goods confirmed**

※ Related law: Article 51-5 of the Enforcement Rules of the Restriction of Special Taxation Act

Collection of Additional Tax for Reduced Customs Duty and Local Tax

Cause for additional collection	Tax	Amount subject to additional collection
Cancellation of registration or business closure	Customs Duties, Individual Consumption Tax, Value-Added Tax, Acquisition tax, Property tax	Tax reduced or exempted for 5 years retroactively from the date of cancellation of registration or business closure (3 years for customs duty)
Transfer of shares to a Korean national, etc.	Customs Duties, Individual Consumption Tax, Value-Added Tax	Tax reduced or exempted for the value of capital goods that exceed the foreign investment amount remaining after the transfer, among tax reduced or exempted for 3 years retroactively from the date of transfer
	Acquisition tax, Property tax	Tax abated for 5 years retroactively from the date of transfer multiplied by transfer ratio of the share, etc.
Where the requirements on payment for objects of investment, introduction of loans, or number of employees are no longer satisfied within 5 years of the date on which foreign investment was notified (3 years in the case of employment related requirements)	Customs Duties, Individual Consumption Tax, Value-Added Tax, Acquisition tax, Property tax	Tax reduced or exempted for 5 years (3 years in the case of employment related requirements) retroactively from the date on which foreign investment was notified (3 years in the case of employment related requirements)
Where the object of investment is disposed of or used for purposes other than those notified	Customs Duties, Individual Consumption Tax, Value-Added Tax	Tax reduced or exempted for capital goods used for purposes other than those notified or are disposed of for 5 years (3 years in the case of customs duties) from the date of import declaration acceptance
Where the ratio of stocks, etc. held by a foreign investor falls short of the foreign investment ratio at the time of granting tax reduction or exemption	Acquisition tax, Property tax	Collected amount = Taxes reduced or exempted for 5 years retroactively from the date on which the ratio of stocks, etc. is no longer satisfied x the ratio of shares, etc., that falls short of the required ratio

※ Related law: Article 121-5 of the Restriction of Special Taxation Act, Article 116-8, 9 of the Enforcement Decree of the Act

④ Additional Collection of Reduced or Exempted Tax and Exclusion

Where any of the events prescribed by the Restriction of Special Taxation Act occur in relation to the company that is eligible for tax reduction or exemption, customs duties and local tax are collected in addition by the head of customs (head of the relevant customs office) and the head of the local government. However, additional collection of tax reduced or exempted is excluded in cases of dissolution, etc. of a foreign-invested company due to merger.

Reasons for exclusion from additional collection of reduced or exempted tax are as follows.

- Where the registration of a foreign-invested company is revoked as it is dissolved by a merger
- Where a foreign-invested company uses any capital goods it imported with no customs duties, etc., and have used, but become unusable for their original purposes due to a natural disaster or other force majeure events, or depreciation, technological advancement, and other changes in economic conditions, and for other purposes than original ones, or disposes of such capital goods with approval of the Minister of Strategy and Finance
- Where a foreign-invested company transfers the stocks, etc., to a Korean national or corporation to go public under the Financial Investment Services and Capital Markets Act
- Where a foreign-invested company meets the relevant requirements for tax reduction or exemption by delivering the object of investment within the performance period extended by the relevant mayor/provincial governor under the Foreign Investment Promotion Act
- Where the purpose of tax reduction or exemption is deemed achieved, which is prescribed by other law

※ Related law: Article 121-5 (5) of the Restriction of Special Taxation Act, Article 116-10 (2) of the Enforcement Decree of the Act

IN DETAIL

Foreign Engineers Eligible for Tax Support

1. A person who provides technology in the Republic of Korea under an engineering technology license agreement
2. A researcher working in the research and development facility of a foreign-invested company

5 or more of research staff, independent research facilities, at least KRW 10 million of investment in research facilities, foreigner ownership of 30 percent or more of total outstanding shares

Application: A foreigner who started to provide services in Korea for the first time on or before December 31, 2021

※ Related law: Article 18 of the Restriction of Special Taxation Act

03. Tax Support for High-Level Foreign Human Resources

① Income Tax Reductions for Foreign Engineers

A foreign engineer shall be granted a tax reduction equivalent to 50 percent of the income tax on the earned income from the offer of his/her services to a Korean national until the month in which the date falling on five years from the date the foreign engineer started to offer his/her services in Korea falls. Provided, that, a foreign engineer related to material, parts and equipment prescribed by Presidential Decree shall be granted a tax reduction equivalent to 70 percent of the income tax on the earned income from the offer of his/her services to a national in the Republic of Korea until the month in which the date falling on three years from the date, and 50 percent reduction for the consecutive two years.

② Special Taxation for Foreign Workers

The tax on the earned income of a foreign worker (foreign executive or employees excluding daily employed workers), in other words, the amount of income tax on earned income that the foreign worker receives in return for his/her labor in Korea until the taxable period that ends within five years from the date the person first provides labor in Korea (sunset provision applies only to foreigners who start to provide services in Korea for the first time on or before December 31, 2021), may be calculated by multiplying the relevant earned income by 19 percent instead of applying the general income tax rate.

③ Workers at a Regional Headquarters

The amount of income tax on earned income that a foreign worker receives in return for his/her labor in the regional headquarters prescribed by the Foreign Investment Promotion Act until the taxable period that ends within five years from the date the person first provides labor in Korea, may be calculated by multiplying the relevant earned income by 19 percent.

→ Special taxation also applies for a foreigner who starts to provide services in Korea for the first time after December 31, 2021

※ Related law: Article 18-2 of the Restriction of Special Taxation Act

④ Application of Special Taxation

A foreign worker shall submit a wage and salary income earner's return on income deductions and tax credits, and an application for flat tax rate for foreign workers in the form (attached Form No. 8 of the Enforcement Rules of the Restriction of Special Taxation Act) stipulated by Ordinance of the Ministry of Strategy and Finance to the withholding agent, taxpayers' union, or the head of a tax office having jurisdiction over the place of tax payment, when making a year-end settlement of earned income tax amount or filing a final return of global income tax base.

※ Related law: Article 16-2 of the Enforcement Decree of the Restriction of Special Taxation Act



INFORMATION

The Korean government abolished the corporate tax and income tax reduction and exemption system that had been provided to foreign-invested companies at the end of 2018, but retained the reduction and exemption for the local taxes (acquisition and property taxes), customs duties, individual consumption taxes, and value-added tax cuts as they had been. However, an entity that has been designated as being eligible for reduced corporate tax and income tax is ensured for the determined period of exemption even after 2019.

04. Tax Credit to be Applied Equally to Koreans and Foreigners

① Tax Credit for Investment in Certain Facilities, etc.

Corporate income tax credit is given for investment in the following facilities and the following tax credit rate shall be applied.

Facilities	Corporate Tax Credit Rate
Facilities for research and vocational training	SMEs 7%, Middle-standing enterprise 3%, Conglomerates 1%
Facilities for energy saving	
Facilities for improving productivity	SMEs 10%, Middle-standing enterprise 5%, Conglomerates 2%
Environmental preservation facilities	SMEs 10%, Middle-standing enterprise 5%, Conglomerates 3%
Facilities for worker's welfare	
Safety facilities	SMEs 7%, Middle-standing enterprise 5%, Conglomerates 1%

※ Related law: Article 25 (1) of the Restriction of Special Taxation Act

② Tax credits for investment in facilities for commercializing new growth engine technologies

If a company investing in facilities for the commercialization of new growth driver technologies prescribed by the Restriction of Special Taxation Act until Dec. 31, 2021 meets certain requirements, it shall receive corporate tax credit as follows:

Requirements for Tax Credit	Tax Credit Rate
The facility shall fall under facilities commercializing new growth engine technologies and source technologies (attached Table 8-8 of the Enforcement Rules of the Restriction of Special Taxation Act) and the portion of R&D expenses in sales from the previous year shall be 2 percent or more and the number of full-time employees shall not have reduced from the previous year.	SMEs 10%, Middle-standing enterprise 7%, Conglomerates 5%

※ Related law: Article 25-5 of the Restriction of Special Taxation Act, Article 22-9 of the Enforcement Decree of the Act

③ Integrated tax credit scheme (to be enforced in 2021)

An amount equal to the amount of a corporation's investment in tangible assets for business (excluding land, buildings, and vehicles, etc.) multiplied by the following deduction rate is to be deducted from corporate tax.

Category	General investment			Investment in facilities for commercialization of new growth technologies		
	SMEs	Middle – standing company	Others	SMEs	Middle – standing company	Others
Basic deduction rate	10%	3%	1%	12%	5%	3%
Additional deduction rate	[Amount of investment in the year – Average investment amount over the past 3 years] x additional deduction rate (3% for all businesses) *Ceiling of additional deduction amount: 200% of basic deduction amount					

※ Integrated investment tax deduction is integration of existing items of investment tax deductions. In 2021, a tax payer may choose either the existing investment tax deduction* or the integrated investment tax deduction. From 2022 on, he has no choice but to follow the integrated investment tax deduction.

*① Tax deduction on investment in specific facilities

*② Tax deduction, etc. concerning investment in facilities for commercialization of new growth technologies

④ Tax credit for tenant companies in business cities, special zones for R&D, or other special industrial zones

Support category	Related law	Corporate tax credit
R&D specialized zone	Article 12-2 of the Act on the Restriction of Special Taxation	
Business cities, regional development zone	Article 121-17 of the Act on the Restriction of Special Taxation	
Jeju Island	Article 121- 8, 9 of the Act on the Restriction of Special Taxation	
Yeosu specialized zone for marine fair	Article 121-17 of the Act on the Restriction of Special Taxation	100% exempted for 3 years +
Asia Culture-Centered City Investment Promotion Zone	Article 121-20 of the Act on the Restriction of Special Taxation	50% reduction for 2 years
Financial service center	Article 121-21 of the Act on the Restriction of Special Taxation	
Advanced Medical Research Park	Article 121-22 of the Act on the Restriction of Special Taxation	

⑤ Tax support for enterprises increasing jobs (amount of tax credit for 1 additional job)

(Unit: KRW 10,000)

	SMEs		Middle-standing enterprises	Other companies
	Metropolitan area	Other areas		
Regular youth employees and workers with disabilities	1,100	1,200	800	400
Other full-time workers	700	770	450	

→ Period of tax credit: 3 years for SMEs, 2 years for others / Date of Enforcement: Dec. 31, 2021

※ Related law: Article 29-7 of the Restriction of Special Taxation Act, Article 26-7 of the Enforcement Decree of the Act

⑥ Tax credit for start-ups in employment crisis and industrial crisis areas

An entity which establishes a company in a designated business type* or sets up a new business (except for cases of relocating existing workplace) in a special crisis area by December 31, 2021, shall be eligible to receive a reduction and exemption of corporate tax or income tax. A 100-percent exemption on corporate tax and income tax shall be provided for 5 years from the business year in which income occurs (limit varies depending on the size of the company).

→ 31 types of small or medium start-up enterprises prescribed by Article 6 (3) of the Restriction of Special Taxation Act

※ Related law: Article 99-9 of the Restriction of Special Taxation Act

⑦ Special Taxation for SMEs

Type of Enterprise	Requirements for Tax Reduction and Exemption	Reduction and Exemption of Corporate Tax
Small and medium start-up enterprises	18 types of small and medium-sized start-up enterprises prescribed by the Restriction of Special Taxation Act, such as manufacturing, construction, restaurants and mobile food service activities, mail-order sales, etc.	<p>Small and medium-sized youth start-up enterprises</p> <ul style="list-style-type: none"> Seoul metropolitan overconcentration control areas: 50 percent of tax reduction for 5 years Outside Seoul metropolitan overconcentration control areas: 100 percent of tax exemption for 5 years <p>Small and medium sized start-up enterprises: 50 percent of tax reduction for 5 years</p> <p>* Eligible for reduction or exemption of tax by up to 100 percent depending on an increase in employment compared to the previous year</p>
SMEs	<p>46 types of SMEs prescribed by the Restriction of Special Taxation Act, such as manufacturing, mining and quarry construction, etc.</p> <p>Investment in business assets designated by the Restriction of Special Taxation Act on SMEs and Middle-standing enterprises located outside of the Seoul metropolitan overconcentration control area</p> <p>* N/A for the middle-standing enterprises with employment decrease</p>	<p>Special tax reduction and exemption (5~30 percent of reduction for corporate tax)</p> <p>Tax credit for investment</p> <ul style="list-style-type: none"> 3% of the investment deducted from corporate tax (1-2% for middle standing companies depending on the area) <p>* Higher tax credit rate applied for investments in a crisis area</p>

※ Related law: Article 5~7 of the Restriction of Special Taxation Act



INFORMATION

Definition of Small and Medium-Sized Enterprise (SME)

An enterprise shall meet all the standards for size and independence to be classified as an SME.

1. Standard for Business Type

The company's main business must belong to a category stipulated as the business for an SME.

2. Standard for Size

Both the standard of size for each industry and upper limit standard must be satisfied.

- Size standard for each industry: Meet the standards of average sales of the main business for the last 3 years
- Upper limit standard: Less than KRW 500 billion of total assets regardless of business type

※ Refer to the size standard for average sales, etc. of each business category in attached Table 1 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises

3. Independence Standard

A company shall not fall under any of the following:

- Company that belongs to a conglomerate subject to restrictions on mutual investment
- Company's total assets are at least KRW 500 billion (including a foreign corporation, with the exception of a non-profit corporation, etc.) which is the largest shareholder, directly or indirectly owning at least 30 percent of the total outstanding stocks, etc.
- An entity that belongs to an associate which does not meet the criteria for size by industry by summing up the average sales amount equivalent to the ratio of its investment.

* Period of suspension : When an SME no longer qualifies as such due to an expansion in size or exceeding the standard, it can be regarded as an SME for a specified period only once.

4. Enquiries concerning SME

① Call center 1357 (FAX) 042-472-6083

② Ministry of SMEs and Startups www.mss.go.kr civil petition affair ▶ online civil petition

③ By letter Customer Information Service Office of Ministry of SMEs and Startups in Daejeon Government, 1-dong, 189, Cheongsa-ro, Seo-gu, Daejeon, 35208 Republic of Korea

④ By visit Contact and visit the officer in charge of civil petition (+82-42-481-8933) at Customer Information Service of Ministry of SMEs and Startups in Daejeon Government Complex.

⑤ Biz-info www.bizinfo.go.kr

This website provides real-time information on projects to support small- and medium-size enterprises that are being implemented by 450 government agencies and local governments, etc.

Location support for foreign investment zones

- Complex-type Foreign Investment Zone
- Individual-type Foreign Investment Zones
- Service-type Foreign Investment Zones

Matters concerning the designation, development, notification, management, and cancellation of designation of Foreign Investment Zones are stipulated by the Foreign Investment Promotion Act, which promotes FDI via location support policies. The types of foreign Investment Zones are classified into Complex-type, Individual-type and Service-type. An FIZ shall be designated (announced) by the head of regional local governments after deliberation by the Foreign Investment Committee.

※ Related law: Article 18~20 of the Foreign Investment Promotion Act, Article 25 and 26-2 of the Enforcement Decree of the Act, Article 16 of the Enforcement Rules of the Act, Guidelines for Operation of Foreign Investment Zones (Public notice 2020-541, Ministry of Trade, Industry and Energy)

Only FDI by acquisition or longer of newly-issued stocks and long-term loans of five years or longer are recognized as an investment amount meeting the requirements for moving into foreign investment zones. The amount equivalent to acquisition of existing stocks or holding ratio by round-trip investment shall not be calculated as the amount of FDI.

Complex-type Foreign Investment Zone

A complex-type Foreign Investment Zone (FIZ) is designated for lease or transferred exclusively to foreign-invested companies. The lease term is up to 50 years and must be renewed every 10 years. Companies moving into this type of zone are provided with low-cost rent and benefits such as rent reduction or tax credits depending on the investment.

01. Type of Businesses Eligible for Occupancy

The categories of business eligible to take the occupancy in a complex-type FIZs are as follows, while the categories of business eligible to take occupancy in each zone shall be specified in a master plan for management.

- Business holding technologies for new growth engine industry (Restriction of Special Taxation Act)
- Categories of business with advanced technologies or advanced products (Industrial Development Act)
- Research institutes affiliated with enterprises and research and development service business (Special Act on Support of Scientists and Engineers for Strengthening National Science and Technology Competitiveness)
- Complex logistics terminal business (Act on Development and Management of Logistics Facilities) or joint collection & delivery center (Distribution Industry Development Act)
- Other categories of business that a management agency determines, taking account of the industrial characteristics of the relevant region.

02. Occupancy Requirements

Only companies registered as a foreign-invested company where the share of the foreign-invested company is at least 30 percent (10 percent in cases of standard-type factories of Daebul Foreign Investment Zone, and 50 percent in case of complex logistics terminal operation and joint collection & delivery centers). If a new factory facility (workplace) is constructed or new machine or device is installed in an existing building, the same corporation shall install factory facilities, machinery, and devices that can be separately accounted for in accounting, separate from existing factory facilities. In addition, no existing foreign-invested factory may be relocated. However, where it relocates from one FIZ to another, or where a foreign-invested company increases the foreign investment ratio to above 30%, such factory may be relocated with approval from the person having the authority to manage the relevant FIZ in an industrial complex.

03. Limit on Occupancy

Factory construction area should satisfy the standard area ratio of a factory of the relevant category of manufacturing business (12 percent or higher) and the limit on lease area for each company should be at least equivalent to the land price. In short, the limit on occupancy is related to the amount of funds to be invested by the size of the area where the foreign-invested company intends to move into.

04. Rents and Rental Security Deposits

Annual rent in a complex-type FIZ shall be determined by multiplying the acquisition value (referring to the publicly announced land price, where a publicly announced individual land price exceeds the acquisition value) of the relevant complex-type FIZ by at least 1 percent. The rents for "a relocated company that has failed to fulfill the amount of foreign investment and the area for construction of a factory applied when determining the limit on occupancy", "a relocated company that has failed to meet the qualifications for occupancy" and "a relocated company that falls under any ground for termination of the occupancy contract", shall be determined by the Minister of Trade, Industry and Energy, following consultation with the Minister of Strategy and Finance and a mayor/provincial governor, in an amount calculated by multiplying the acquisition value by at least 5 percent.

Rental security deposits: it shall be an amount calculated by multiplying the acquisition value by at least 5 percent and paid in cash. Companies in foreign investment zones may instead request to replace a cash payment with the submission of a guarantee insurance policy or payment certificate of bank.

05. Reduction and Exemption of Rents

In applying a rate of reduction and exemption, the investment amount that has been paid in full to invest shall be construed as the amount of foreign investment, and the time that falls a month before the issuance of payment notice of the rent shall be construed as the date of calculation of number of full-time workers. The rents for national and shared properties are 5 percent or more of acquisition amount but the companies in FIZs may lease the site with 1 percent or more of the acquisition amount.

Reduction and Exemption of Rents for Companies in Complex-Type FIZs

Reduction rate	Business	Condition		Notes
		Investment amount	The number of full-time employee	
0%	Tenant company	Market rental fee (1 percent of acquisition amount)	-	-
75%	Manufacturing	At least USD 5 million	-	-
		At least USD 2.5 million	70-150 or less	-
90%	Manufacturing	At least USD 2.5 million	150-200 or less	-
100%	Manufacturing	At least USD 5 million	-	Companies in material and components complexes
		At least USD 2.5 million	200 or more	-
	Technologies for new growth engine industries	At least USD 1 million	-	-

* Rate of reduction means the reduction rate applying general rent, real rent is 5 percent of acquisition amount (in case of rent for national or shared property)

※ Related law: Article 19 of the Foreign Investment Promotion Act

06. Occupancy System for Suppliers

In case a company with occupancy in an FIZ requests that their suppliers with no foreign-held shares be permitted to occupy a part of the factory for the purpose of process shortening or cost reduction, it shall be permitted to move into the area under the evaluation by the committee and consent of the Minister of Trade, Industry and Energy. The contract shall be made within the remaining period of contract and should be renewed every five years. The area allowed for a subcontractor to move in shall not exceed 30 percent of the total building area of the factory of the relevant relocated company.

Individual- type Foreign Investment Zones

An individual-type Foreign Investment Zone (FIZ) is a tailored location for large-scale investors and foreign investors can choose and designate the location of the investment zone.

01. Criteria for Designation

The FIZ shall be designated when new factory facilities (or workplace) are built or newly installed on existing buildings by the same corporation to install factory facilities, machines, facilities, and devices that can be accounted for separately from existing factory facilities, or when buildings that have not been completed are acquired and business activities are conducted after obtaining approval to use the building.

02. Requirements for Designation

The FIZ shall be designated when factory facilities (or workplace) are newly installed which satisfy the required investment amount.

Required Investment Amount	Type of Business
At least USD 30 million	Manufacturing business, new growth engine industrial technology business, computer programming, system integration and management services, data processing, hosting, and other related service activities
At least USD 20 million	Resort condominium business, tourist business (tourist hotel business, floating tourist hotel business, Korean traditional hotel business), specialized resort business, general resort business, general amusement complex business, international convention facilities, youth training facilities
At least USD 10 million	Complex logistics terminal business, Joint collection and delivery center, business operating a harbor facility, logistics business operated within a harbor hinterland complex, business operating an airport facility and logistics business operated within an airport zone, project creating revertible facilities
At least USD 2 million	A research and development facility to engage in industry-supporting service business or business accompanying high technology under the Enforcement Decree of the Restriction of Special Taxation Act The number of regular workers in exclusive charge of research with at least a master's degree related to the business and at least 3 years' research career must be at least 10 persons

※ Related law: Article 25 of the Foreign Investment Promotion Act

The amount of foreign investment that was executed before application for designation shall be excluded. However, where paid-in foreign investment amount is recognized as used for obtaining designation as a foreign investment zone, such as purchase of real estate in an area where the company is planning to obtain designation as an individual-type foreign investment zone, such amount shall be recognized as foreign investment amount. If two or more foreign investors are designated as individual-type FIZs, they shall enter into contracts with the foreign investors on the implementation and performance obligations of their investment plans on the year of the designation.

03. Application for Designation

To be designated as an individual-type FIZ, a mayor or provincial governor shall make the designation plan including the following documents and file it to the Minister of Trade, Industry and Energy.

04. Rent and Limit on Occupancy

The rent for Individual-type FIZ may be reduced by 100 percent if the Foreign Investment Committee decides that it will have a positive effect on the national economy. The maximum area to be occupied shall be not more than the area equal to the value of 50 percent of the foreign investment amount by the tenant company.

05. Alteration of Designation

If changes are made to investment plans and designated notices after being designated as individual-type FIZs, the designated notice must be changed after deliberation by the Foreign Investment Committee. However, insignificant alterations prescribed separately may be notified through prior consultation with the Minister of Trade, Industry and Energy.

※ Status of individual-type foreign investment zones designated:

Refer to Major businesses ▶ FIZ operation page at www.kicox.or.kr

★ REQUIREMENTS

Designation plan for an Individual-type Foreign Investment Zone

- Details of investment, scale of employment, and details of business of foreign-invested companies to take occupancy in the foreign investment zone
- Attached Form no. 2 of the Guidelines for Operation of FIZ

Viability of foreign investment to be induced / Funding plans / Plans for supporting major facilities in the foreign investment zone / Managing institution / The implementer of the development project / A land utilization plan and a plan for major infrastructure / Specified details of land, buildings, other articles or, if any, rights to be expropriated or used / Other matters prescribed by the Foreign Investment Committee

※ Related law: Article 25 (6) 2 of the Enforcement Decree of the Foreign Investment Promotion

Service- type Foreign Investment Zones

It is an area designated for lease or transfer to a foreign-invested company that conducts a service business. Unlike manufacturing-oriented, complex-type Foreign Investment Zones that require large-scale sites, service-type Foreign Investment Zones, such as research facilities, are designed to support demand for moving into areas and buildings.

01. Procedure of Designation

The Minister of Trade, Industry and Energy submits the mayor and provincial governor's designation plan to the Foreign Investment Working Committee by reviewing whether it is suitable for the designation requirements. The mayor or the provincial governor shall attach a review report that comprehensively considers the feasibility of attracting foreign investment, the effect of regional development, the effect of increasing employment, etc., while the effect of providing financial support when submitting a plan to designate new or extended foreign investment areas as a service within the region.

02. Requirements for Designation

The land or building to be designated should be available for immediate occupancy and the foreign-invested company's occupancy demand for which foreign investment notification was completed should be specified. However, a certain area in a national or public property (including buildings) has been designated in advance, companies that completed foreign investment notification must account for at least 30 percent of the designated space.

03. Type of Businesses Eligible as Tenants

Research and development (Natural science and engineering R&D business), finance and insurance, knowledge service (industrial development business), cultural industry (Framework Act on the Promotion of Cultural Industries), tourism business (Tourism Promotion Act, except for casino business)

04. Occupancy Requirements

A foreign-invested company with an FDI ratio of 30 percent or more shall move into the zone only when registered until the time of the occupancy contract.

Minimum Number of Employees per Industry in service-type FIZ

Type of business	Minimum number of employees	Criteria for FDI
R&D	5 or more researchers	The FDI amount should be equal to or more than the price of the land or building to be leased.
Finance and insurance		
Knowledge service	15 or more researchers	

Cultural industry

- The number of employees is calculated based on the number of permanent workers and refers to the number of workers who have paid their wage & salary income tax per month under the Income Tax Act.
- The investment requirements above the standard amount of foreign investment in individual-type FIZ prescribed by the Article 25 (1) of the Enforcement Decree of the Foreign Investment Promotion Act shall be met in case of the tourism industry.

※ Related law: Attached Table 3,4 of the Guidelines for Operation of Foreign Investment Zones

05. Lease

Where a services-type FIZ is a site for lease, an occupancy contract shall be made for a period not exceeding ten years in total (fifty years for research and development service business); in contrast, where a services-type FIZ is any building for lease, an occupancy contract shall be made for a period not exceeding five years in total, the occupancy contract may be renewed only once for a period not exceeding the former lease period.

06. Subsidization of Rents for Buildings

The state or a local government may subsidize the rent for buildings in a services-type FIZ. In such cases, the state or a local government may subsidize an amount not exceeding 50 percent of the standard rent, but the standard rent shall not include a rental security deposit.

Frequently Asked Question & Answer

Q 01 In the case that a company that moves into an FIZ through foreign investment joint ventures makes a capital increase to expand their business without a foreign investor investing, which would result in the foreign investment share ratio falling below 30 percent, should they pay market price rent due to non-compliance with the qualification?

The reduction rate shall continue to be applied if the tenant company fails to maintain its occupancy qualification by increasing only domestic capital to install the plant or machinery, facilities and devices without reducing the amount of foreign investment after the execution of the business plan. In this case, the FDI stock ratio of 10 percent or more should be maintained.

Q 02 What is the period for fulfillment of the project plan for the company with occupancy in an FIZ?

The period shall be 5 years from the occupancy contract date, and its implementation shall be determined with the remaining amount of foreign investment and the building area after the 5-year period.

Q 03 Is it possible for a foreign-invested company that meets the foreign investment limit by introducing a long-term loan to remain upon maturity of the loan? Is it also possible to reduce rent?

The redemption at maturity is allowed in accordance with the Foreign Investment Promotion Act, but if the company fails to meet the limit on occupancy by repaying the long-term loan, it shall be reason for cancellation and the rent shall be 5 percent of the acquisition price, which is the market price.

※ Current status of designated Complex-type FIZ: [Sites \(p.053\)](#) 

Q 04 What is the period for fulfillment of the project plan after moving into a service-type FIZ?

The period for fulfillment of the project plan (amount of foreign investment, area for construction of buildings, and minimum number of persons to be employed) of a relocating company shall be 3 years from the date the occupancy contract is concluded. On the other hand, the period shall be 5 years in case of the complex-type and individual-type FIZ.

Q 05 Can a company that move into a service-type FIZ benefit from tax reduction and exemption?

No tax support under the Restriction of Special Taxation Act is provided to a company in service-type FIZ.

Cash grant

- Eligibility for Cash Grant
- Support Provided
- Process of Cash Grant

Cash grant is a system to provide part of the business cost in cash for companies which operate in a new growth engine technology accompanying industry or high technology and high-tech product industry or materials and components industry, create large-scale employment, or which establish an R&D center or regional headquarters to promote FDI which contributes significantly to the national economy.

◆ Process of cash grant

An application shall be submitted to The Ministry of Trade, Industry and Energy (Department of FDI Promotion) with support of the overseas investment hub offices in KOTRA, Invest KOREA or the local government. The FDI Cash Grant Support Center in Invest KOREA and its project managers (PM) provide consultation on whether or not the requirements are met, applications and screening procedures.

Process	Entity	Details
Application for cash grant 01	[Application] Investor (Company) [Reception] Ministry of Trade, Industry and Energy [Support] KOTRA	Submission of application and investment plan Designation of negotiator Designation and application of PM
Examination 02	Advance evaluation committee (limited to reinvestment of retained earnings) and evaluation committee	Establishment of cash grant evaluation committee and examination of the application
Calculation 03	Ceiling calculation	Establishment of ceiling calculation committee and examination of the application
Creating recommendation (negotiation agenda) 04	Ministry of Trade, Industry and Energy - Local Government - Ministry of Economy and Finance	Preparation of recommendation (negotiation) and submit it to foreign investment committee
Deliberation and decision 05	Foreign investment committee	Decision on whether to provide cash grant
Conclusion of contract 06	Ministry of Trade, Industry and Energy - Local Government - Investor	Cash grant can be paid after contract conclusion (lump-sum payment or payment in installments)
Follow-up management 07	Ministry of Trade, Industry and Energy, Local governments, KOTRA	Perform investment and review execution result, review the details of cash grant execution

★ REQUIREMENTS

Application for cash grant

- **Application form** (Attached form No. 11-3 form of the Enforcement Rules of the Foreign Investment Promotion Act)
- **The investment plan and summary of plan**
- **A financial statement of the applicant** (including the financial statement of the foreign-invested company in case of subsequent investment)
- **Details and certificate of investment funds by source / Certificate of foreign investment notification** (where the investment has been notified)
- **Where the PM's opinion on FDI is required, a PM's comments**

※ Related law: Guidelines for operation of cash grant system Article 6

Eligibility for Cash Grant

A foreign investment where the ratio of foreign investment is at least 30 percent and foreign investment with long-term borrowing shall not be eligible for cash grant support. (Including foreign investment using unappropriated earned surplus.)

01. New Growth Engine

Research and development of technologies for new growth engines and source technologies, materials process technology directly related to new growth engine technologies

※ Related law: Type of industry according to Article 121-2 (1) 1 of the Restriction of Special Taxation Act, attached Table 7 of the Enforcement Decree of the Act, attached Table 14 of the Enforcement Rule of the Act

02. High Technology

Establishment of new or additional factories for high technology and high-tech product industry

※ Related law: Article 5 of the Industrial Development Act, Public notice no. 2020-40 by the Ministry of Trade, Industry and Energy released, attached Table 1 of the range of high technology and high-tech product

03. Materials and Components

Textile, pulp, chemicals, medicine, plastic, non-metallic minerals, primary metals, metal processing, electronic components, computers, imaging, audio, and communication equipment, medical, precision and optical instruments, electrical equipment, machinery and equipment, automobiles and trailers, other transportation equipment, furniture, etc.

※ Related law: Article 2 of the Act on Special Measures for the Promotion of Specialized Enterprises, etc. for Materials and Components, attached Table 1 of the Enforcement Rule on the Act

04. Creation of Employment

Manufacturing, construction, transportation, information services businesses that employ 300 or more; wholesale, lodging, financial insurance, specialized science and leisure service businesses that employ 200 or more; education service and other individual service businesses that employ 100 or more; real estate industry and leasing businesses that employ 50 or more.

※ Related law: Article 20-2 (4), attached Table 2 of the Enforcement Decree of the Foreign Investment Promotion Act

05. R&D Center

Any new or existing research facility with five or more research-dedicated employees (those with master's degree in related fields or bachelor's degree and at least three years' research experiences) in fields related to new growth engine technology business, advanced technologies and products, and raw materials, parts, and equipment business

※ Related law: Article 14-2 (1) 4 of the Foreign Investment Promotion Act

06. Regional Headquarters

The Minister of Trade, Industry and Energy may designate an establishment as a local headquarters after undergoing deliberation by the Foreign Investment Committee when a global company establishes a business hub for supporting or adjusting key functions such as production, sales, logistics, and personnel management of two or more overseas subsidiaries. The requirements for designation is that the average turnover of its parent company over the preceding five years shall be at least KRW 3 trillion; its parent company shall directly or indirectly own at least 50 percent of the total number of voting stocks; and it employs 10 or more full-time workers for the core function of the business.

※ Related law: Article 9-3 of the Enforcement Rules of the Foreign Investment Promotion Act

07. Others

Where local specialized industry and specialized industry of cooperative inter-region play a central role in creating jobs and strengthening competitiveness of the relevant region with recognition of contribution to regional economic development.

※ Article 2 Subparagraph 4, 5 of the Special Act on Balanced National Development

Support Provided

- Purchase costs of, or rental charges for, land or buildings for establishing a factory facility or research facility
- Building costs of a factory facility or research facility
- Purchase costs of capital goods, research equipment and materials to be used for projects or research at a factory facility or research facility
- Installation costs of infrastructure, such as electricity and communications facilities necessary for establishing a factory facility or research facility
- Employment subsidies or education and training subsidies

※ Related law: Article 20-2 of the Enforcement Decree of the Foreign Investment Promotion Act

Comparison of Allotment Ratio of Financial Fund between Central and Local Government

Items	Seoul Metropolitan Area (central: local government)	All regions outside the Seoul Metropolitan Area (central: local government)
Funds for purchase of land or rent	40:60	60:40
Employment subsidies or education and training subsidies	50:50	

※ For business in high-tech industries and the R&D sector, the percentage borne by the central government can be raised by 10 percent.

Process of Cash Grant

01. Application Documents

A foreign investor wishing to receive a cash grant should submit attachments such as cash grant application and investment plans, as well as a PM's comments on the cash grant to the Ministry of Trade, Industry and Energy.

02. Review of Application

An Evaluation Committee consisting of the PM from Invest KOREA and professionals from the Ministry of Trade, Industry and Energy and local government shall be held to evaluate eligibility for cash grant. The level of technology and the technology transfer effect (as technology evaluation), whether the foreign investment overlaps with any domestic investment (as industrial evaluation), and the viability of investment (as financial evaluation) shall be evaluated.

03. Determination of Cash Grant Ceiling

A cash grant ceiling calculation committee consisting of related negotiators and at least two public professionals shall be held to calculate the ceiling of cash grant considering the possibility of investment outside of Korea, job creation effect and the quality of employment, propriety of the location, and the effects on the regional and national economy, and a report shall be submitted to the Ministry of Trade, Industry and Energy. The cash grant shall be negotiated between the negotiator and foreign investor within the ceiling determined by the committee.

★ REQUIREMENTS

Application for cash grant

• Matters to be stated in the investment plan

- ① Applicant's business performance and financial status (The parent company and overseas subsidiaries shall be included, and reference materials such as business reports shall be submitted separately.)
- ② Total investment amount and foreign investment amount
- ③ Information on investment site (area, size, method of acquisition, cost, etc.)
- ④ Annual investment plan for the following five years (to be classified by fixed assets such as land, building, facilities)
- ⑤ Annual plan on procuring investment funds and operating funds for the following five years (to be classified by funds procured internally, funds procured externally, cash grant, etc.)
- ⑥ Detailed business plan (statement of business, product, technology, technology level, manufacturing process, front and back industries, business relationship

with parent company and overseas subsidiaries, etc.)

- ⑦ Supply and demand in domestic and foreign markets and future outlook (including rival businesses and their outlook)
- ⑧ Annual employment plan for the following five years (Data on number of employment of science and engineering majors classified by academic career. The new employments should be classified into regular/non-regular workers and domestic employees/ foreign employees.)
- ⑨ Pro forma financial statement for the following five years (projections on factors comprising cost of sales and backup data should also be submitted)
- ⑩ Research and development plan for the following five years (training and education costs, existence of an affiliated research center, size of R&D personnel classified by academic career, joint research activities with domestic companies and research institutes, etc. should be included)
- ⑪ Reason Korea has been selected as target

investment country (including merits and demerits in comparison with alternative target countries)

- ⑫ Contributions to the local and national economy for the following five years (scale of manufacturing, export and domestic sales, direct and indirect employments, tax payments, linkage effect on front and back industries through procurement of materials and product sales, function as an Asia regional headquarters, etc.)
- ⑬ Other necessary matters

→ The application submitted by the applicant shall be protected as a trade secret and shall not be disclosed without the applicant's consent, except as necessary for the review for cash assistance.

※ Related law: Form of Annex table 11-3, Enforcement Decree - Documents to be attached to the Application for cash support, Paragraph 3, Article 6 Annex table Form No. 1, Cash support system

04. Negotiation and Decision of Cash Grant Amount

The Ministry of Trade, Industry and Energy shall negotiate the cash grant with the Minister of Economy and Finance and related local government, and following the negotiation, it shall be determined through deliberation and resolution by the Foreign Investment Committee and executed after a contract for the cash grant is concluded. However, a contract for cash grant may be concluded through deliberation and resolution by the Foreign Investment Working Committee where the amount of cash grant excluding the amount of relocation support is less than KRW 1 billion.

05. Payment Method

A cash grant may be paid in a lump sum within one year from the date the contract is concluded or in up to ten installments within five years from the conclusion of the contract. The applicant shall open a separate account and perform accounting for the cash grant received, clearly distinguishing it from his/her own revenue and expenditure.

For installment payments, the applicant shall submit an application which includes the scale, purpose, details, etc. of the cash grant for the relevant year, and the cash grant shall be paid within the scope of cash grant agreed upon by the contract for a cash grant, in accordance with the following methods, after evaluating the performance of the investment expenditure plan, actual execution of the cash grant, etc., but the amount and timing of payment may be adjusted.

06. Conclusion of Contract

Where a decision to provide a cash grant is made, the Minister of Trade, Industry and Energy shall conclude a contract for such cash grant, which provides for the period of a contract for cash grant, the method of the payment, and acquisition or lease of land for rent, with the head of the relevant local government and applicant.

IN DETAIL

1. Follow-up administration

The KOTRA president shall inspect the applicant's performance of investment expenditure plans R&D, etc. each year during the contract period to submit the results to the head of the municipal government and the Minister of Trade, Industry and Energy. The applicant should submit to the KOTRA president within two months the performance report after using the cash support. When the cash support is completed, the applicant should also return the remaining amount and accrued interest for the relevant year.

2. Duties of the Applicant

An applicant shall faithfully perform the obligations prescribed in the contract for cash grant and the investment expenditure plan.

- In order to ensure the recovery and replacement of all assets, an indemnity insurance contract shall be concluded or measures corresponding thereto shall be taken.
- Contracts for acquiring an asset shall be concluded by means ensuring the efficient

use of cash grant, such as open bidding, certified appraisal, or acquisition of two or more estimates.

※ Related law: See Form No. 2 Performance Report of Cash Support Contract, Form No. 3 Performance Report of Cash Subsidy, Guidelines for the Operation of Cash Support System

- In order to use an asset supported by cash grant for any purpose other than the relevant project, or to transfer, exchange, lease or offer it as security, the applicant shall obtain prior written approval from the Minister of Trade, Industry and Energy.
- No cash grant shall be misappropriated as dividend, royalty, etc., and the relevant foreign-invested company shall not provide any guarantee of an obligation for any purpose other than the relevant project.
- An applicant shall provide sufficient information for the examination of contract performance during the contract period and shall submit, to the Minister of Trade, Industry and Energy, an annual report audited by an external auditor. With respect

to the research and development field, a report on the status of research and development activities and the outcomes thereof shall be submitted in addition to the annual report. Any applicant who has applied for cash support under Article 2 (1) 4 (d) (Reinvestment of retained earnings) of the Act should set up a separate account for the amount to be recognized as foreign direct investment by reinvesting retained earnings immediately when the cash support contract is concluded.

3. Reduction or recollection of support fund provided

In the event of a reason such as fraudulent or unjust application, the relevant support fund is to be withdrawn or the amount is to be reduced or recollected through the deliberation by the Committee on Foreign Investment.



INFORMATION

Roles of the Invest KOREA Investment Strategy Team (Foreign Investment Cash Support Center)

Category	Description
1. Counseling	The Foreign Investment Cash Support Center provides counseling and other support services concerning the requirements, application procedures, required documents, etc. related to the cash support system to foreign direct investors, municipal governments, and other related agencies.
2. Survey of demand	The Center periodically conducts a demand survey among foreign direct investors and foreign-invested businesses to share the information with the central and municipal governments and to enhance the predictability of the size of cash support by region and period.
3. Assessment and analysis	The Center holds advance assessment committee (when retained earnings are reinvested), assessment committee, and limit determination committee meetings to assess cash support and determine the limit and also supports the review of cash support contracts when the draft is prepared.
4. Designation of negotiators and project managers	Foreign investors may request the Ministry of Trade, Industry and Energy for counseling or negotiation concerning the cash support before and after applying for cash support. In such cases, the Ministry and municipal government nominate and notify negotiators, whereas KOTRA supports the applicant by nominating a project manager.

※ Inquiry concerning cash support: 02-3460-7852, 7834

Advance Examination System

Where necessary to proactively attract foreign investment expected to have a significant effect on the national economy, the president of KOTRA may recommend the Minister of Trade, Industry and Energy to first prepare a negotiation agenda for the advance examination of cash grant and submit it to the Foreign Investment Committee.

The Minister of Trade, Industry and Energy shall submit to the Foreign Investment Committee the negotiation agenda through consultations with the Minister of Strategy and Finance (including consultations with the relevant local government, where a local government in charge is confirmed).

- Negotiation plans include information concerning the relevant investment project, minimum requirements for cash support, minimum amount (ratio) of cash support, and other items that may be flexibly addressed in the entire process of negotiation on the limit amount.

When the negotiation plan is approved, the negotiator should complete the negotiation with the foreign investor (the period may be extended within one year) to let the applicant apply for cash support. The cash support contract is signed in consultation with the Minister of Strategy and Finance and the head of the relevant municipal government after the application is made.

- Among the documents to be submitted for the cash support, the applicant is exempted from submitting the market trends at home and abroad, estimated financial statements five years from now, and PM's written opinion.

※ Related law: Guidelines for operation of cash support system Article 14-17

Frequently Asked Question & Answer

Q 01 Is a company moving into a foreign investment zone eligible to apply for a cash grant?

A company that leases land by moving into an FIZ is eligible to apply for a cash grant. However, the rent which is reduced or exempted for such occupancy in an FIZ until a contract for a cash grant is concluded shall be included in the cash grant ceiling, which results in a reduced cash grant amount.

※ Related law: Guidelines for operation of cash support system Paragraph 6, Article 10



R&D support

- Business-Affiliated Research Institute, etc.
- Research and Development Service Business

The Republic of Korea has a systematic industrial infrastructure and excellent human resources, which makes the country an optimal place for business activities. Moreover, the Korean government has been providing support for activities, which are the foundation of national competitiveness, as well as for sustainable development, including the creation of future growth engines as well as high-tech technologies. Corporate research and development activities can benefit from research personnel, taxation, tariffs, funds and technical support through reports of business-affiliated research institutes and R&D departments, and projects that support R&D can receive support benefits similar to those of corporate research institutes such as research personnel, taxation and finance through applications for R&D services. In particular, foreign-invested companies may receive additional investment incentives such as cash grant, tax exemption, and location support if they have research and development facilities that meet certain requirements.

Business-Affiliated Research Institute, etc.

Business-affiliated research institutes and departments solely responsible for R&D shall receive various supportive incentives for its R&D activities by reporting and registering to the Korea Industrial Technology Association.

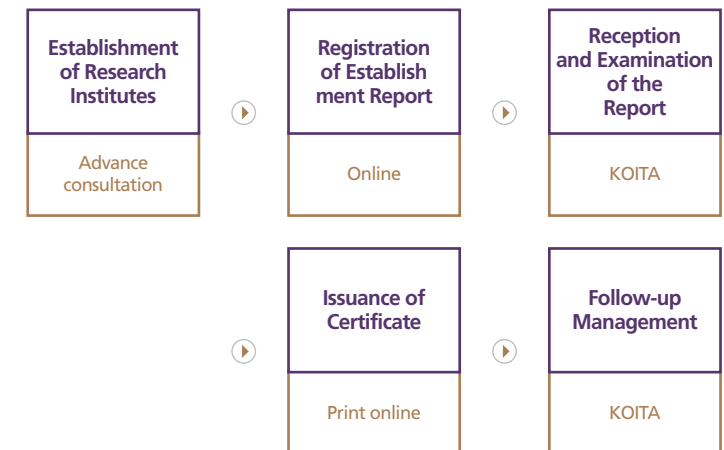
→ Current status : 40,693 business-affiliated research institutes, 27,787 departments solely responsible for R&D (as of Sep. 2019)

※ Related law: Article 14-2 of the Basic Research Promotion and Technology Development Support Act, Article 16-2 of the Enforcement Decree of the Act

01. Method of Reporting

After the establishment of business-affiliated research institutes or departments solely responsible for R&D meeting certain qualifications, the required documents to report shall be prepared and reported to the Korea Industrial Technology Association (KOITA). Reporting is only available online.

Process of Reporting



* Due Date for Processing: Processing shall be completed within seven days of the reception of the report. However, the time it takes for the company to correct incomplete application forms and submit omitted documents shall not be included in the processing period.

※ **Contact (Application for business-affiliated research institutes or departments solely responsible for R&D)**

KOITA research institute approval team 02-3460-9141~46, 9013~17

02. Requirements for Approval

Business-affiliated research institutes or departments solely responsible for R&D must satisfy both human requirements and physical requirements in order to receive approval.

Classification			Requirements to report
Human requirements	Business-affiliated research institutes	Start-ups	2 or more researchers solely responsible for research
		SME established by researchers	
		Small-sized company	3 or more researchers solely responsible for research
		Medium-sized company	5 or more researchers solely responsible for research
		Corporate research institutes located out of Korea (Overseas research institutes)	
		Middle-standing company	
		Conglomerates	10 or more researchers solely responsible for research
	Departments solely responsible for R&D	Applied regardless of company size	1 researcher solely responsible for research
Physical requirements	Required facilities and space		Independent research space and facilities essential for R&D activities

IN DETAIL

Requirements for the Approval of Research Institutes

① Qualifications of a Researcher Solely Responsible for Research

A holder of a bachelor's degree or higher in the field of science (natural science, engineering, and medical fields) who has at least one year's experience or more in research and development, or a technical and functional engineer related to the R&D activities under the National Technology Qualification Act. This criteria applies to any company regardless of its size, but separate qualification criteria shall be applied in the case of small and medium-sized enterprises, middle standing enterprises, and companies whose main area of business is industrial design and knowledge-based services.

※ Related law: Article 2 (3) of the Enforcement Rules of the Basic Research Promotion and Technology Development Support Act

② Research Space and Facilities

The walls shall be divided into fixed walls so that all sides can be distinguished from other departments and independent spaces with separate entrances shall be secured. In the case of small businesses, it is permitted to divide a small research space (full area of 30m² or less) into other departments and partitions and attach the signboard of the laboratory to the partition to operate the research institute.

Machinery, equipment, instruments and materials to be used directly in R&D activities must exist in the research space.

03. Support Provided

A company that registered its business-affiliated research institutes or departments solely responsible for R&D is eligible to receive support for taxation, customs duties, employment, funds, sales channels and technology.

① Tax and Customs Duties Support

Items	Related laws	
Tax credit for research expenses and HR development expenses	General research	Article 10 of the Restriction of Special Taxation Act (Attached Table No. 6)
	New growth engine	Article 10 of the Restriction of Special Taxation Act (Attached Table No. 7)
Tax credit for expenses for R&D, HR development and facility investment	Article 25 of the Restriction of Special Taxation Act	
Local tax reduction for the real estate to be used as a business-affiliated research institute	Article 46 (1) of the Restriction of Special Local Taxation Act	
Special taxation for technology transfer and leasing, etc.	Article 12 of the Restriction of Special Taxation Act	
Income tax reduction for foreign engineers	Article 18 of the Restriction of Special Taxation Act	
Special taxation for the contributions related to R&D, etc.	Article 10-2 of the Restriction of Special Taxation Act	
Corporate tax reduction for high-tech companies in special research and development zones	Article 12-2 of the Restriction of Special Taxation Act	
Non-taxation of income tax for research and activity funds for a researcher solely responsible for research	Article 12 Subparagraph 12 Item c of the Enforcement Decree of the Income Tax Act	
Customs duty exemption for industrial technology R&D goods	Article 90 (1) 4 of the Customs Act	

② Financial Support

Department	Main Contents	Related Project Information
Ministry of Science and ICT	Support for technology development business	<ul style="list-style-type: none"> National Research Foundation of Korea (www.nrf.re.kr) Korea Foundation for the Advancement of Science and Creativity (www.kofac.re.kr) National IT Industry Promotion Agency (www.nipa.kr)
Ministry of Trade, Industry and Energy	Development of core technology of industries, etc.	<ul style="list-style-type: none"> Korea Institute for Advancement of Technology (www.ariat.or.kr) Korea Evaluation Institute of Industrial Technology (www.keit.re.kr)
Ministry of SMEs and Startups	Business of technology development, etc. for new product	<ul style="list-style-type: none"> Korea Technology & Information Promotion Agency for SMEs (www.tipa.or.kr) Ministry of SMEs and Startups (www.smtech.go.kr)

③ Employment Support

Support Provided	Details	Contact
Expert research personnel system	Substitute for military service	KOITA 02-3460-9124
Research manpower support project for small- and medium-sized company (employment, dispatch)	Support of personnel expenses when employing research manpower	KOITA 02-3460-9082
Support project for core research manpower development for companies of middle standing	Support of personnel expenses when employing research manpower	KIAT 02-6009-3541
Youth Tomorrow deduction	Support for young adults' savings	Ministry of SMEs and Startups 1357
Project internship linking ICT academic credits	Support for the cost internship programs	Federation of Korean Information Industries 02-2132-0726
Capacity-building project for industrial professionals	Funding for professional human resources development	KIAT 02-6009-4375
Project for invitation of high-level overseas scientists (Brain pool)	Funding for invitation and research support	National Research Foundation of Korea 042-869-6377
Letter of employment recommendation system (Gold Card)	Employment recommendation of overseas technical talent	KOTRA 02-3460-7338
Global talent discovery service	Support attraction of overseas professionals	KOTRA 02-3460-7337
Subsidy of additional employment of the young	Support of employment subsidy	Ministry of Employment and Labor 1350
Meditation center for science and engineering human resources	Meditation of science and engineering human resources	KOITA 02-3460-9033

④ Technical Support

Department	Main Contents	Related Project Information
Ministry of Trade, Industry and Energy	Reliability voucher project (Support to material development)	www.신뢰성바우처.org
	K-Global projects	k-global@nipa.kr www.nipa.kr
Ministry of Science and ICT	Support to industry-study cooperation cluster	www.koita.or.kr
	Follow-up R&D project of joint academic research institute	
Ministry of SMEs and Startups	Support for consulting of small- and medium-size company	www.smbacon.go.kr
	Support for acquisition of overseas standard certification	www.exportcenter.go.kr
	Strategy support business for IP-R&D	http://biz.kista.re.kr/ippro
Korea Intellectual Property Office	Support for patent technology evaluation related to commercialization	www.kipa.org

Research and Development Service Business

Research and development service business is an industry that is responsible for outsourcing R&D including research and development business that conducts research and development in the fields of science and engineering independently for profit-making or by entrustment and research and development support business supporting research and development in the fields of science and engineering through the provision of technology information, consulting, testing, analysis, etc., for profit. With the reporting and registration of research and development service business to Korea R&D Service Industry Association (Agency of the Ministry of Science and ICT), it is possible to participate in national research and development projects and receive various support from the government.

→ Current Status: 821 research and development businesses, 710 research and development support businesses (As of Aug. 2019)

※ Related law: Article 2, 25 of the Special Act on Support of Science and Engineers for Strengthening National Science and Technology Competitiveness

Type of the Business	Business Contents	Business to Report
Research and development business	A business to independently develop and supply technology required by the market or to undertake (subsidiary research) some or all of the R&D activities for companies that do not meet the demand for R&D.	<ul style="list-style-type: none"> • R&D for physics, chemistry and biology • Agriculture R&D • Engineering and technological R&D • Other natural science R&D • R&D business in the field of convergence related to science and engineering industry
Research and development support business	R&D consulting, R&D planning and evaluation, leasing and trading of research equipment, technology management and technology strategies, and the securing and support of technical personnel required for scientific and technological information, to support R&D activities of R&D players.	<ul style="list-style-type: none"> • R&D consulting specialist • Technology market research specialist • Specialist for patent administration and its agency • Investment and financing technology development, mediation and agency of technology trading • Material component inspection business • Structure and product inspection business • R&D product design • Supply of researcher and education and training • R&D support for business in the field of convergence related to science and engineering industry

* Source: Korea R&D Service Industry Association, System of application and support for R&D service business

01. Method of Reporting

An R&D service operator meeting certain qualifications shall have a certificate issued by completing an online application and undergoing document examination and field survey.

Procedures for Reporting a Research and Development Service Business

Application of Documents	Online
Inquiry of supplement	
Examination of Documents	Association
Field Survey	Association and applicant
Approval	Association
Issuance of the Certificate	Online

→ Due date: The process shall be completed within 30 days after the receiving the report. However, a supplemental period for the incompleteness of the application or related documents shall not be included.

※ Contact (Application of research and development service business)

Korea R&D Service Industry Association

TEL 02-540-4172 / FAX 02-540-4132

e-mail: korsia@rndservice.or.kr / Website: www.rndservice.or.kr

02. Requirements for Approval

All of the human requirements, physical requirements and turnover requirements must be met for the recognition of the business.

Requirements	R&D Business	R&D Support Business
Human Resource Requirements	5 or more scientists or engineers	2 or more scientists or engineers
Physical Requirements	Independent research facilities	N/A
Turnover Requirements	R&D service sales account for 50% or more of total sales	

03. Support

A company registered as an R&D service business is permitted to participate in national research and development projects and receive support for human resources, taxation, and funding, etc.

① Human Resources Support for R&D

Support provided	Details	Contact
Selection of designated entities for expert research personnel (special cases of military service)	Selection etc., of Designated Entities (Article 36, 39 of the Military Service Act)	KOITA 02-3460-9124

→ Korea Industrial Technology Association (KOITA) will receive the application for selection of designated entities for expert research personnel (special cases of military service).

② Major National Research and Development Projects to Support

Ministry of Science and ICT	Ministry of Trade, Industry and Energy	Ministry of SMEs and Startups	Ministry of Land, Infrastructure, and Transport	Ministry of Agriculture, Food and Rural Affairs
<ul style="list-style-type: none"> Basic research project Space technology development Nuclear R&D Nuclear fusion and accelerator R&D support Information and communication broadcasting R&D Industrial technology development 	<ul style="list-style-type: none"> Energy technology development Promotion of technology transfer and commercialization Technology development related to electric power industry 	<ul style="list-style-type: none"> Support for cooperative utilization of research equipment Technology innovation development of small and medium sized business Hybrid technology development of small and medium sized business Commercialization technology development of small and medium sized business ESP (Technology specialist business) 	<ul style="list-style-type: none"> Construction technology research Plant research National territory information research Railroad technology research Aviation safety technology research 	<ul style="list-style-type: none"> Livestock disease response technology development High value-added food technology development Agricultural life industry technology High-tech production technology development Post-genome Ethical, Legal and Social Implications

→ Appropriation of labor cost in cash for R&D service business) If an R&D service business participates in national research and development projects, the labor cost for R&D shall be appropriated in cash to support R&D activities.

③ Financial Support

Support Provided	Details
Technology assurance system	The Korea Technology Finance Corporation provides financial support from financial institutions by issuing technical guarantee certificates after reviewing the technical skills of small- and medium-size enterprises.
Technology assessment system	A system to evaluate the technicality, business feasibility and marketability of an intangible technology and display the amount, grade, and opinion.
Contact	Korea Technology Finance Corporation (KIBO): 1544-1220

④ Tax Support

Support Provided	Details
Tax reduction for small and medium start-up companies, etc.	Reduced income tax or corporate tax rates for small businesses designated as small and medium-sized businesses and research and development service companies identified as operators of start-up incubating centers outside the overconcentration control areas of the Seoul Metropolitan Area.
Application of special cases for small and medium start-up companies	Reduction of income tax or corporate tax rate according to the size and location of R&D and R&D support activities among SMEs
Tax credit for R&D cost to R&D business	Deduction of a certain percentage of R&D expenses incurred by a company from corporate tax or income tax
Tax reduction for facility investment concerning research and human resource development	A certain percentage of investment is deducted from income tax or corporate tax for research and human resources development by Koreans or facility investment (excluding used goods) for the commercialization of new growth technologies.
Tax credit for the amount of technology transfer and acquisition	In the event that a Korean national transfers and acquires patent rights, utility bills, technical secret or technology, a certain percentage of the acquisition amount is deducted from income tax or corporate tax for the year.
Special tax reductions or exemptions for small and medium-sized companies	A system of reducing a certain percentage from income tax or corporate tax rate for small and medium-sized businesses.
Special cases of taxation on R&D related contributions, etc.	Where assets including contributions for research and development are received, the equivalent amount shall be excluded from gross income when calculating the amount of income.
Tax reduction for high-tech companies moving into special research and development zone	High-tech or small research companies in special R&D zones shall receive a reduction in income tax (corporate tax) when engaging in a business subject to tax reduction.

04.
Processing

Reporting of research and development service business establishment is only available online, and requires additional documents related to the company after online documents reception, examination and field survey.

Frequently
Asked
Question
&
Answer

Q 01 Is a company that focuses only on R&D without any other department and whose representative manages the company by him/herself eligible to apply for departments solely responsible for research and development?

The applicant must have a department except for business-affiliated research institute or department solely responsible for research and development and have at least one permanent employee (excluding the representative director) working in other department. The researchers solely responsible for research and the permanent employee must be subscribed to Korea's four major insurances.

Q 02 Is a research activity concerning economic trend, etc., able to be recognized for application to a business-affiliated research institute or department solely responsible for research and development?

Research activities other than those in science and technology such as market research and economic trends are not subject to recognition. The final output should be related to science and technology progress and be aimed at a systematic solution to scientific and technological uncertainties. Daily repetitive software-related activities, operation of computer systems in the company, or in case of the product's test phase being completed and changed to commercial production are not the R&D activities.

Q 03 What are the differences between a business-affiliated research institute and department solely responsible for research and development?

The physical requirement for application registration is same for both a business-affiliated research institute and a department solely responsible for research and development, but department solely responsible for research and development requires one researcher for its establishment with the human requirement easing. Tax benefits including taxation and customs duties is same for both of them, but there are some differences for part of local taxation(including acquisition tax and property tax) and special cases of military service system.

Q 04 Is a researcher in business-affiliated research institute able to engage in other tasks such as sales support outside of the R&D activities?

No person working in any business-affiliated research institute, etc., shall assume any duties other than research and development activities, including any business activities relating to production, selling, and sales. However, this excludes cases where any person working in a business-affiliated research institute, etc., of a small enterprise for which three years have not passed since the date of its establishment, concurrently serves as a chief executive officer of the small enterprise.

※ Related law: Article 14-4 of the Basic Research Promotion and Technology Development Support Act

Management support

- Incubating
- Support for Hiring by Foreign-invested Businesses
- Red Carpet Service for Support Entry and Departure

Incubating

IKP (Invest KOREA Plaza) operated by KOTRA is an exclusive business incubation center for foreign investors and offers offices to support investors' initial settlement.

Foreign-invested companies which rent offices at IKP receive not only services such as administrative support and business consultations, but also the right to use private offices with secretarial service, exclusive business lounges and rooms for consultation, video conference or meetings, and sleeping and shower facilities, thus maximizing convenience for foreign investors.

Foreign-invested businesses in which foreign direct investment is planned to be declared based on the procedure stipulated in the Foreign Investment Promotion Act or for which foreign direct investment of USD100,000 or more will arrive within a year of occupation may be admitted through a review of their qualifications.

① Overview of IKP Facilities

Front view



Lobby and cafeteria



Meeting room (80 seats)



Office (for 5 persons)



Office (for 2 persons)



Business lounge

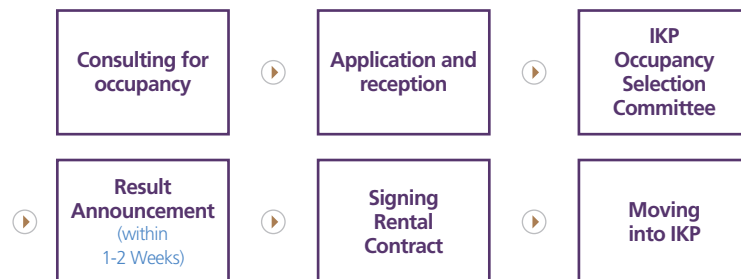


* Photographs: Invest KOREA website / Office size: 21.82m² ~ 32.4m² (for 2 persons), 50.24m² (for 5 persons) / Office size and type may vary depending on the circumstances.

② Moving into IKP Business Incubating Facilities

Category	Details
Selection criteria	<ul style="list-style-type: none"> Foreign-invested company: examination of minimum investment (notified amount) and business plan etc., negotiations on conditions for occupancy, and selection through internal review * There are extra points for a recommendation from a KOTRA overseas invest hub offices or project managers in charge of attracting foreign direct investment
Contract period	<ul style="list-style-type: none"> Foreign-invested company: 2 years; companies in an industry in which the government attracts investment strategically may extend the period additionally.
Rental fee	<ul style="list-style-type: none"> KRW 33,000/m² (including VAT), deposit: 6 months of rental fee
Support provided	<ul style="list-style-type: none"> Support for utilizing the office and business center for foreign-invested companies' initial settlement Guaranteeing information exchange and networking via PM for the contract period

③ Procedure of Application



④ IKP Occupancy Consulting

Invest KOREA Investment Strategy Team

Contact: 02-3497-1000, e-mail: ikp@kotra.or.kr

Support for Hiring by Foreign-invested Businesses

① Overview

KOTRA supports the hiring of personnel required for the domestic business operations by foreign-invested businesses and potential foreign direct investors. Foreign-invested businesses' employment is supported by organizing job fairs, employment consultation sessions, and operating a job recruit website for foreign-invested businesses.

② Eligible businesses

Foreign-invested businesses, potential foreign direct investors

③ Contents of support

Programs	Key contents	Frequency
Job fair for foreign-invested businesses	To ease the shortage of workforce of foreign-invested businesses, provide opportunities for employment by domestic job seekers, and improve the local perception of foreign-invested businesses	Once a year
Employment consultation sessions for foreign-invested businesses	1:1 in-depth interview between foreign-invested businesses and job seekers to provide substantial support for hiring	Once a year
Local job fair by foreign-invested businesses	Foreign-invested businesses hold job fairs in local universities	10 times a year
Website for job recruiting by foreign-invested businesses	An online job recruiting site for foreign-invested companies to meet their human resources demand http://www.jobkorea.co.kr/Theme/kotra	Permanent

④ Participation fee: Free

⑤ Application method:

Website www.jobfairic.org or through the official e-mail (jf@kotra.or.kr)

⑥ Contact

Invest KOREA Hiring Support Department for Foreign-invested Businesses
02-3460-7876, jf@kotra.or.kr

Red Carpet Service for Support Entry and Departure

① Overview

KOTRA provides one-stop service for all matters required during the stay of foreign investors visiting Korea.

② Eligible persons [Foreign direct investors]

Those who are recommended by the central government ministries, KOTRA overseas offices, municipal governments, free economic zone authority, and foreign diplomatic mission in Korea among foreign investors who meet the given requirements

③ Contents of support

Category	Detailed contents	Basic	Premium
Support for entry procedure	Pickup at gates and guide through CIQ	○	○
	Incheon airport to hotel travel	○	○
Chauffeur service	Throughout the stay period	-	○
Accompaniment by the project manager	-	As required	○
Arrangement of investment counseling	Interview with related government agencies and high-ranking industry leaders	-	○
Industry tours	-	-	As required
Provision of lunch/dinner	-	-	As required
	Pickup from hotel to Incheon airport	-	○
Airport drop-off service	Pickup from Gimpo airport/Seoul station to Incheon airport	-	○

④ Service fee: Free

⑤ Selection standards

- Foreign businesses whose investment needs to be induced aggressively, including those with advanced technologies, high value-added service businesses, and businesses that are expected to create a large number of jobs
- Foreign businesses currently promoting projects and which are highly likely to invest in Korea, including those with MOU signed, investment declared, location (factory space) secured, and M&A agreement signed

* Note, however, that the program excludes those investors visiting Korea periodically by having developed business relations in Korea already or visiting specific businesses only.

* In case of premium service, the service is limited to executive level personnel who can exercise substantial influence on the investment decision.

⑥ Application method:

KOTRA website www.kotra.or.kr 

- ▶ Support for attraction of foreign direct investment
- ▶ Support for investors' visit to Korea

⑦ Contact

Invest KOREA Investment Strategy Team
02-3460-7827 / hkchoi@kotra.or.kr

Practice

-
- Taxation
 - Customs clearance and introduction of capital goods
 - HR and labor
 - Intellectual property system
 - Foreign Investment Ombudsman System
 - Dissolution and liquidation

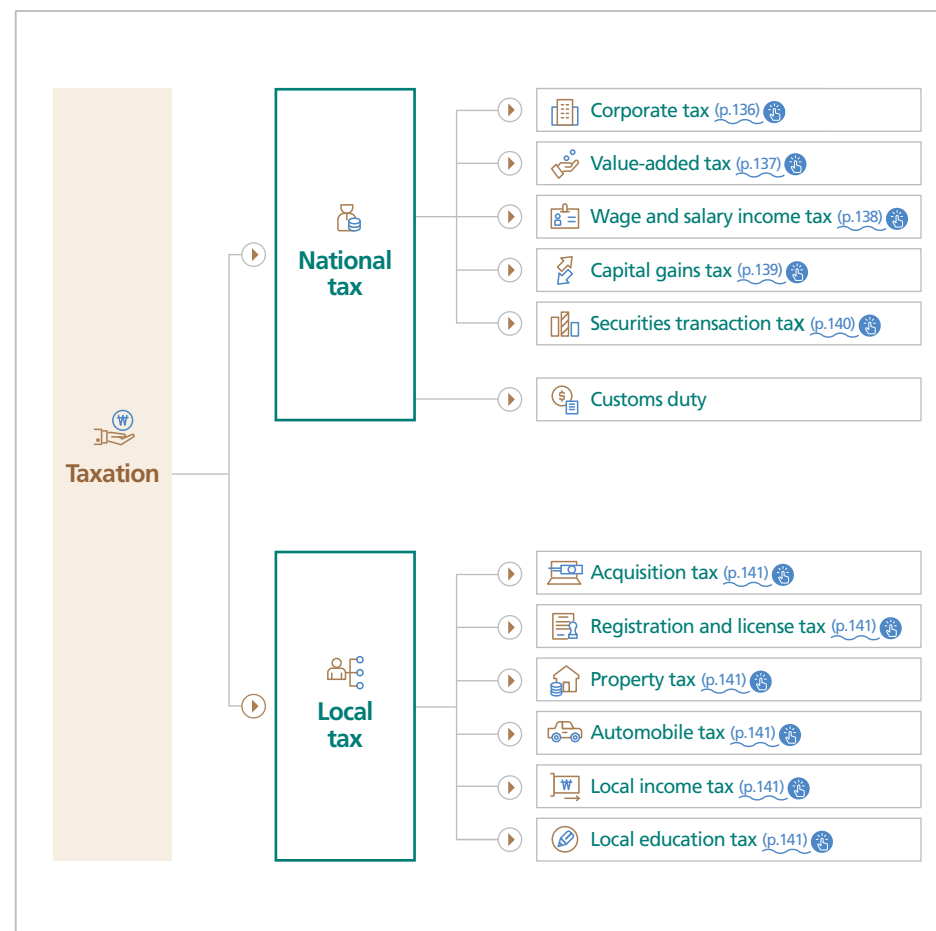
Taxation

- National Tax
- Local Tax
- Transfer Pricing Taxation
- Thin Capitalization Rule: Thin-Cap
- Tax Treaties

The tax system in Korea is categorized into national tax and local tax depending on the authority of taxation. National tax includes corporate tax, income tax and customs duty on imported goods. Local tax imposed by local governments includes acquisition tax, registration and license tax and property tax.

In particular, foreign-invested companies should be mindful of transfer pricing tax regarding international transaction between special related parties including foreign investors and the insufficient capital tax system.

◆ Major Taxes Related to FDI



National Tax

01. Corporate Tax

Corporate tax is an income tax imposed on corporations. Incorporated associations and foundations, including for-profit and non-profit corporations, are taxed like general corporations.

① Taxpayer and Taxable Income

Domestic corporations and foreign corporations with domestic source income from each business year, income from liquidation, and capital gains such as gains from the transfer of land, etc. income from liquidation, and capital gains such as gains from the transfer of land, etc. Income for each business year is calculated by adding or subtracting profits and losses under the Corporate Tax Act from the net income of a corporation.

② Business Year

The business year shall be one accounting period determined by decree or articles of incorporation. However, the period shall not exceed one year.

③ Deadline for Reporting

Within three months from the end of the month in which the end of each business year falls, the tax base and the amount of corporate tax on the income for that business year shall be reported to the head of the relevant tax office having jurisdiction.

Tax Rate

Tax Base	Tax Rate
KRW 200 million or less	10% of the tax base
More than KRW 200 million, but not exceeding KRW 20 billion	KRW 20 million + (Amount over KRW 200 million x 20%)
More than KRW 20 billion but not exceeding KRW 300 billion	KRW 3.98 billion + (Amount over KRW 20 billion x 22%)
Exceeding KRW 300 billion	KRW 65.58 billion + (Amount over KRW 300 billion x 25%)

→ When paying corporate tax, local income tax (10 percent of the corporate tax) is additionally imposed.

02. Value-Added Tax

Value Added Tax (VAT) is a tax that is reported and paid for added value acquired in the process of providing goods and services and importing goods.

① Taxpayer and Taxable Income

Taxpayers are businesses or importers of goods, and VAT is calculated by subtracting input tax (total sales x tax rate) from output tax (total amount of purchase x tax rate).

② Business Year and Reporting Deadline

The two taxable periods of VAT shall be from January 1 to June 30 and from July 1 to December 31. However, due to the preliminary reporting period, there is a duty to report quarterly.

	First Period		Second Period	
Period	1st Jan - 31st Mar	1st Apr - 30th Jun	1st Jul - 30th Sep	1st Oct - 31st Dec
Due on report and tax payment	1st Apr - 25th Apr	1st Jul - 25th Jul	1st Oct - 25th Oct	1st Jan - 25th Jan of following year

Tax Rate

Tax Base	Tax Rate
Domestic sales	10%
Export of goods, overseas provision of services, etc.	0%

IN DETAIL

Even if services are provided to foreigners, a 10% tax rate on sales may apply, so make sure to check all requirements. For example, a VAT of 10% is imposed on domestic real estate leased by a foreign corporation.

③ Obligation to Issue Tax Invoices

When a business supplies goods or services, an invoice (hereinafter referred to as "tax invoice") should be issued for the person who receives the goods or service.

Businesses are obliged to issue electronic tax invoices, which can be issued through the website of the National Tax Service (hometax.go.kr) ▶ Login with digital certificate ▶ inquiry/issuance service). A tax invoice should be issued at the time of supplying goods or services although since there are various exceptions concerning the supply of goods or services, the issuer must adhere to the time of issuance as prescribed by the Article 34 of the Value Added Tax Act or be subject to a penalty.

03. Wage and Salary Income Tax (for workers)

Wage & salary income tax is a tax levied on the price of providing and receiving work. Wage & salary income, regardless of its name and form, includes goods and stocks in addition to cash.

① Taxpayer and Taxable Income

The worker who is paid for providing work is a taxpayer, and the relevant tax (payment, bonus) is calculated and reported according to the simplified tax table. Each month, the company withholding tax pays income tax. In February of the following year, the year-end settlement finalizes the income tax to be paid by the worker in the previous year and settles the withheld tax amount.

② Reporting Deadline

The income tax should be reported by the 10th day of the month following the month in which wage and salary is paid.

Tax Rate

Tax Base	Tax Rate
KRW 12 million or less	6% of the tax base
More than KRW 12 million but not exceeding KRW 46 million	KRW 720,000 + (15% of the amount exceeding KRW 12 million)
More than KRW 46 million but not exceeding KRW 88 million	KRW 5.82 million + (24% of the amount exceeding KRW 46 million)
More than KRW 88 million but not exceeding KRW 150 million	KRW 15.9 million + (35% of the amount exceeding KRW 88 million)
More than KRW 150 million but not exceeding KRW 300 million	KRW 37.6 million + (38% of the amount exceeding KRW 150 million)
More than KRW 300 million but not exceeding KRW 500 million	KRW 94.6 million + (40% of the amount exceeding KRW 300 million)
More than KRW 500 million but not exceeding KRW 1 billion	KRW 174.6 million + (42% of the amount exceeding KRW 500 million)
Exceeding KRW 1 billion	KRW 384.6 million + (45% of the amount exceeding KRW 1 billion)

→ Local tax is imposed in addition to income tax.

IN DETAIL

Obligation of Tax Payment on Wage and Salary Income from Nonresident

① Wage and salary income received from a foreign institution or UN Forces (excluding UN Forces) stationed in the Republic of Korea

① Wage and salary income received from a nonresident abroad or a foreign corporation (excluding a branch or a sales office thereof in the Republic of Korea) (Excluding income calculated as necessary expenses or deductible expenses when calculating the amount of domestic source income of a domestic place of business)

In this case, the withholding agent is virtually unable to withhold the tax, thus the taxpayer must calculate and report the tax base and tax amount. The tax withholding system by a taxpayers' association is recommended, and in this case, a 5 percent tax credit is granted.

※ Article 150 of the Income Tax Act

04. Capital Gains Tax (stocks, etc.)

Capital gains tax is levied when an asset is transferred to an entity for payment through sale, exchange, or investment-in-kind to a corporation. This book covers only capital gains tax on transfer of stocks or shares that frequently occur between foreign investors. In the case of capital gains, some countries are subject to taxation while others are tax exempt under tax treaties.

① Taxpayer and Taxable Income

The person who actually transferred the assets for value is obligated to pay tax, and the taxable income is the amount calculated by deducting necessary expenses from the transfer price.

② Reporting Deadline

Capital gains tax shall be filed within two months of the end of the half-year in which the resident transfers an asset.

③ Tax Rate

㉑ Stocks, etc. Transferred by Majority Shareholders

- Stocks, etc. of a corporation, excluding small and medium size enterprises, held for less than a year: 30 percent of the tax base
- Stocks, etc. that do not fall under the above

Tax base	Tax rate
KRW 300 million or less	20%
Exceeding KRW 300 million	KRW 60 million + (25% of the amount in excess of KRW 300 million)

㉒ Stocks, etc. Transferred by a Person other than the Majority Shareholder

- Stocks, etc., of small and medium-size enterprises: 10% of the tax base
- Stocks, etc. that do not fall under the above: 20% of the tax base

IN DETAIL

Scope of Majority Shareholders

- Where transferring stocks, etc., by March 31, 2020: A person who owns 4% or more of shares or KRW 1.5 billion of each stock item
- Where transferring stocks, etc., by March 31, 2020: A person who owns 4% or more of shares or KRW 1.5 billion of each stock item

※ Article 167-8 of the Enforcement Decree of the Income Tax Act

05. Securities Transaction Tax

Securities transaction tax refers to tax imposed on the transfer value of share certificates, etc. where the ownership of share certificates or shares is transferred for value due to a contract or legal causes.

① Taxpayer and Tax Base

The taxpayer is the transferor of share certificates, etc., while the tax base is the transfer value.

② Reporting Deadline

The taxpayer shall file the tax within two months of the last day of the quarter to which the transfer date belongs. However, the tax for transfer of unlisted stocks shall be filed within two months of the last day of the half-year to which the transfer date belongs.

③ Tax Rate

The securities transaction tax rate (unlisted stocks, etc.) is 0.43 percent.



INFORMATION

National Tax Service consulting

- General consulting: 126 (working days) 09:00-18:00
- English consulting: 1588-0560

Local Tax

01. Taxable Objects and Payment Deadline

Tax	Taxable Objects and Purpose	Payment Period and Deadline
Acquisition Tax	<ul style="list-style-type: none"> Imposed on an individual who acquired real estate, vehicle, mechanical equipment*, aircraft, ship, standing timber, mining right, fishing right, golf course membership, riding club membership, condominium membership, sports complex membership, or yacht club membership 	<ul style="list-style-type: none"> Within 60 days of the date of acquisition
Registration and License Tax	<ul style="list-style-type: none"> Classified into registration tax imposed on registration and filing for causes other than acquisition; and license tax imposed on authorization and permission 	<ul style="list-style-type: none"> Each year from Jan. 16 to 31 (for registration license tax for license) Registration license tax (for registration): Prior to the date of registration or filing Registration and license tax (for license): Prior to the date of receiving license certificate
Local Education Tax	<ul style="list-style-type: none"> Imposed to secure financial resources for the enhancement of local education. Finances required to improve the quality of local education 	<ul style="list-style-type: none"> Acquisition tax and tobacco consumption tax: By the payment deadline Residence tax (per capita), property tax, automobile tax (only on vehicles for non-business use): By the payment deadline
Residence Tax	<ul style="list-style-type: none"> Per capita portion imposed on individuals or corporations; Pro rata property portion with tax base of total floor area of a place of business; Employee portion imposed on the total amount of wages paid to employees 	<ul style="list-style-type: none"> Per capita portion collection (due Aug. 16-31) Pro rata property portion report and payment (due Jul. 1-31) Employee portion: By the 10th day of the following month
Local Income Tax	<ul style="list-style-type: none"> Individual local income tax according to the Income Tax Act; Corporate local income tax according to the Corporate Tax Act 	<ul style="list-style-type: none"> Corporate local tax: within 4 months of the final day of the business year Capital gains or global income tax: Report and payment at the same time as income tax (May 1-31 of the following year) Special collection: Report and pay by the 10th day of the month following the month to which the day for special collection belongs
Property Tax	<ul style="list-style-type: none"> Imposed on land, buildings, housing, aircraft, ships Housing is a separate taxable object because its valuation includes attached land 	<ul style="list-style-type: none"> Regular portion Jul. (16-31): Half payment for housing portion and full payment for building Sep. (16-30): Half payment for housing portion and full payment for land <p>※ If the payable amount of the housing portion is or below KRW 200,000, the full amount shall be notified in July.</p>
Automobile Tax	<ul style="list-style-type: none"> Imposed on a vehicle registered or reported under the Motor Vehicle Management Act, and a dump truck or concrete mixer truck registered under the Construction Machinery Management Act, for possession and driving Annual tax amount for passenger automobiles differs depending on whether the vehicle is used for business purposes or not. 	<ul style="list-style-type: none"> Regular imposition: First period (Jun. 16-30) / Second period (Dec. 16-31) Non-regular imposition available on application for tax calculated on a daily basis for used cars Annual tax amount: Lump-sum payment (Jan., Mar., Jun., Sep.) / Payment in installments (Mar., Jun., Sep., Dec.)

* Source: Local Tax Guide 2019, Korea Institution of Local Finance

* Mechanical equipment: Mechanical equipment refers to mechanical equipment used for construction works, freight loading and landing, and mining, as prescribed by ordinance of the Ministry of the Interior and Safety, as well as construction machinery stipulated under the Construction Machinery Management Act and mechanical equipment similar thereto.

→ Refer to the appendix for the relevant tax rate

02. Taxable Objects

① Tax Reduction and Exemption by Local Ordinance

㉓ Tax Reduction and Exemption Concerning Introduction of Foreign Investment

When a foreign-invested company or a company conducting a technology business in a new growth engine industry which has settled in an individual Foreign Investment Zone, a complex Foreign Investment Zone, or a Free Trade Zone meets certain qualifications, it may benefit from certain advantages of reduction of and exemption from acquisition tax and property tax for fifteen years by local ordinance.

㉔ Tax Reduction and Exemption for Companies in Agro-industrial Complexes

A company which intends to establish business operations in an agro-industrial complex by acquiring a closed or suspended factory within the complex is eligible for a seventy five percent reduction of acquisition tax if the acquisition is made by December 31, 2019.

㉕ Tax Reduction and Exemption for Special R&D Zones

High-tech companies, research institutes, foreign-invested companies and foreign research institutes that acquire real estate for direct use in their own business by December 31, 2019 are eligible for exemption from acquisition tax.

② Tax Reduction and Exemption Based on the Restriction of Special Local Taxation Act

Regulation	Contents	Tax items (Reduction rate, %)		
		Acquisition tax	Registration and license tax	Property tax
Article 45-2	Reduction or exemption for research institutes, etc.	100		100
Article 46 (1)	Reduction or exemption for research institute affiliated with an enterprise (mid-size) (Except for large-scale companies' institutes in an over-concentration limitation zone)	35		35
Article 46 (2)	Reduction or exemption for research institute affiliated with an enterprise (Except for large companies' institutes in an over-concentration limitation zone)	35		35
Article 46 (3)	Reduction or exemption for research institute affiliated with an enterprise	60		50
Article 58 (1)	Reduction or exemption for venture businesses, etc.	50		50
Article 58 (2)	Reduction or exemption for cluster venture businesses, etc.	Exemption of heavy tax		Exemption of heavy tax
Article 58 (3)	Reduction or exemption for new technology-based business cluster	50		50 (3 years)
Article 58 (4)	Reduction or exemption for venture business development and promotion zone	37.5		37.5
Article 58-2 (1)	Reduction or exemption for operator of knowledge-based industry centers (probation of 1 year for previous acquisition tax exemption)	35		37.5

Regulation	Contents	Tax items (Reduction rate, %)		
		Acquisition tax	Registration and license tax	Property tax
Article 58-2 (2)	Reduction or exemption for occupants in knowledge-based industry centers	50		37.5
Article 58-3	Reduction or exemption for real estate of small-and medium-size start-ups	75	100	100/50
Article 71 (1)	Reduction or exemption for operators in logistics complexes	35		35
Article 71 (2)	Reduction or exemption for occupants in logistics complexes	50		35
Article 75-2 (1)	Reduction or exemption for startups or businesses in enterprise city development zones	50		50
Article 75-2 (1) 2	Reduction or exemption for operators in enterprise city development zones	50		50
Article 75-2 (1) 3	Reduction or exemption for startups or businesses in regional development project zones	50		50
Article 75-2 (1) 4	Reduction or exemption for operators in regional development project zones	50		50
Article 75-3	Reduction or exemption for small-and medium-size enterprises in enterprise city development zones and regional development project zones	50		50
Article 78 (4) a	Reduction or exemption for occupants (newly established) in industrial complexes	50		35-75
Article 78 (4) b	Reduction or exemption for occupants (with substantial repair) in industrial complexes	25		
Article 79 (1), (2)	Reduction or exemption for relocating corporations to provinces	100	100	100/50
Article 80 (1)	Reduction or exemption for relocating factories to provinces	100		100/50



INFORMATION

Local Tax ONE CALL
Consulting Center

- 1577-5700 (connected to the relevant department in each local government)
- Website: www.wetax.go.kr

Transfer Pricing Taxation

The transfer price tax system is applied when a resident, etc. pays a higher price than the normal price in an international transaction with a related party or transfers taxable income abroad at a lower price. The tax authorities protect their taxation rights and prevent international tax avoidance by denying transfer prices and taxing them at arm's length prices, whether or not there is an intention to avoid tax in international transactions.

01. Arm's Length Price

Arm's length price refers to a price that is applied or is considered to be applied to general transactions between a resident, domestic corporation, or domestic place of business, and a person other than an overseas special related party. The most reasonable method among the following shall apply for calculating arm's length price.

Method of Arm's Length Price Calculation

① Comparable third party pricing method	④ Profit sharing method
② Resale price method	⑤ Net profit margin method
③ Cost addition method	⑥ Other methods considered to be reasonable

→ For details on how to calculate the arm's length price, please refer to Article 5 of the Adjustment of International Taxes Act on the website of the Ministry of Government Legislation

02. Tax Imposition Based on Arm's Length Price

When an entity reduces its taxable income by applying a higher or lower price than its arm's length price in a transaction with a related party, the taxing authority recalculates the taxable amount based on the arm's length price and imposes a tax on the transaction.

IN DETAIL

Points to Consider when Making International Transactions

① Penalty for Failure to Submit an International Transaction Statement

If a person who is obliged to submit an international transaction statement does not submit all or part of an international transaction statement without a valid reason or submits it falsely, a fine of KRW 5 million will be levied on each overseas intercompany. (On or before February 7, 2017: Fine of KRW 10 million)

※ Article 51 (1) of the Enforcement Decree of the Adjustment of International Taxes Act

② Administrative Fine against Non-compliance with Obligation to Submit Data

The tax authorities may require the taxpayer to

submit relevant data* such as missing forms or items, when submitting a corporate tax return within sixty days of the date of request for submission of the data by the tax authority. Failure to submit this information or submission of false information may result in a fine of up to KRW 100 million.

* Data: Statement of advance pricing agreements, statement of adjustment of apportionment of cost, statement of international transaction, statement of intra-group payment guarantee, condensed income statement of the overseas intercompany, transaction price adjustment report, etc.

※ Related law: Article 12 (1) of the Enforcement Decree of the Adjustment of International Taxes Act

Thin Capitalization Rule: Thin-Cap

Thin capitalization refers to intentionally increasing borrowing as opposed to investing funds in financing to reduce the tax burden. The Thin cap is a system which prevents tax avoidance by not recognizing the interest on borrowing as deductible expense.

01. Concept

A corporation tends to borrow funds from shareholders rather than invest funds since the interest on a loan is a deductible expense, while a dividend on investment cannot be calculated as a deductible expense. Thin cap is a system to prevent tax avoidance by not recognizing the interest on a loan exceeding a certain amount as a deductible expense.

02. Application

When a domestic corporation borrows funds from a foreign controlling shareholder or from a third party under a payment guarantee by a foreign controlling shareholder, and such borrowings exceed twice the amount (six times for a financial business) invested by the foreign controlling shareholder, the interest and discount fees paid in relation to the excess amount shall be excluded from the deductible expenses of the domestic corporation.

IN DETAIL

Exclusion of Interest Paid to Foreign Controlling shareholder from Deductible Expense

Details of tax adjustment on interest to be paid to foreign controlling stockholders are provided in Chapter 3 of the Adjustment of International Taxes Act, available on the website of the Ministry of Government Legislation.

Tax Treaties

Tax treaty refers to any type of international agreement governed by international law, such as a treaty, convention, pact or note, which the Republic of Korea enters into with another state with respect to taxes on income, capital, and property or tax administration cooperation. Since tax treaties are international law, they establish a relationship between domestic tax law and international law, and thus have the following legal effects.

01. Characteristics of a Tax Treaty and its Major Functions

Tax treaties in Korea are for preventing double taxation and tax avoidance on taxable income, and regulate the scope of resident, the range of domestic place of business and taxable income, issues on the source country of income, and the upper limit of the tax rate (limited tax rate). Corporate tax, income tax, and local income tax are subject to a tax treaty while indirect taxes such as value-added tax or special consumption tax are excluded.

02. Status of Tax Treaty

Tax treaties have the same effect as domestic law, while in case of conflict between tax treaties and domestic tax laws, tax treaties take precedence over domestic tax laws. Taxes, however, cannot be levied on the basis of a tax treaty without provisions of the domestic tax law, nor can the tax burden on residents of another country be higher than the tax burden as prescribed by domestic tax law.



INFORMATION

Tax Treaty Countries (93 nations)

Gabonese Republic, Greece, Republic of South Africa, Netherlands, Nepal, Norway, New Zealand, Denmark, Germany, Laos, Latvia, Russia, Romania, Luxembourg, Lithuania, Malaysia, Mexico, Morocco, Malta, Mongolia, United States of America, Myanmar, Kingdom of Bahrain, Bangladesh, Venezuela, Vietnam, Belgium, Belarus, Bulgaria, Brazil, Brunei Darussalam, Kingdom of Saudi Arabia, Republic of Serbia, Sri Lanka, Sweden, Switzerland, Spain, Slovakia, Slovenia, Singapore, United Arab Emirates, Iceland, Ireland, Azerbaijan, Albania, Algeria, Estonia, Republic of Ecuador, Federal Democratic Republic of Ethiopia, United Kingdom, Oman, Austria, Jordan, Uruguay, Uzbekistan, Ukraine, Iran, Israel, Egypt, Italy, India, Indonesia, Japan, Georgia, China, Czech Republic, Chile, Kazakhstan, Qatar, Canada, Republic of Kenya, Republic of Colombia, Kuwait, Croatia, Kyrgyzstan, Republic of Tajikistan, Thailand, Turkey, Turkmenistan, Tunisia, Panama, Pakistan, Papua New Guinea, Republic of Peru, Portugal, Poland, France, Fiji, Finland, Philippines, Hungary, Australia, Hong Kong

Tax Treaties by Country

Website of National Tax Service

<https://www.nts.go.kr/> ▶ Resource ▶ Tax Law/Treaty ▶ Tax Treaty

Website of National Tax Law Information System

<https://txsi.hometax.go.kr/> ▶ Law ▶ Tax Treaty (Korean website)

※ Note: Tax treaty revisions are noted in the last part of the provision and thus should be checked to determine whether revisions have been made.

Limited Tax Rate [Taxation and withholding tax rate by each contracting state]

Contracting State	Limited tax rate		
	Interest	Dividend	Royalty
Gabonese Republic	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Greece	8%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Republic of South Africa	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Netherlands	Over 7 years: 10% / Others: 15%	Corporation holding over 25% of stocks: 10% / Other: 15%	Copyright: 15% / Others: 10%
Nepal	10%	Corporation holding over 25% of stocks: 5% / Corporation holding over 10% of stocks: 10% / Other: 15%	15%
Norway	15%	15%	Copyright: 15% / Other: 10%
New Zealand	10%	15%	10%
Denmark	15%	15%	Industrial investment: 10% / Other: 15%
Germany	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment : 2% / Others: 10%
Laos	10%	Corporation holding over 10% of stocks: 10% / Others: 15%	5%
Latvia	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	Industrial investment: 5% / Other: 10%
Russia	N/A	Corporation holding over 30% of stocks: 5% / Other: 10%	5%
Romania	10%	Corporation holding over 25% of stocks: 7% / Other: 10%	Patent, etc.: 7% / Other: 10% / Commission: 10%
Luxembourg	Bank: 5% / Other: 10%	Corporation holding over 10% of stocks: 10% / Other: 15%	Commercial information: 5% / Other: 10%
Lithuania	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Commercial information: 5% / Other: 10%
Malaysia	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	Copyright: 10%, 15% / Others 10%
Mexico	Bank: 5% / Other: 15%	Corporation holding over 10% of stocks: 0% / Other: 15%	Royalty: 10% / Other: 15%
Morocco	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright, etc.: 5% / Other: 10%
Malta	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	0%
Mongolia	5%	5%	10%
United States of America	12%	Corporation holding over 10% of stocks: 10% / Other: 15%	Copyright: 10% / Other: 15%
Myanmar	10%	10%	Cost of information usage: 10% / Other: 15%
Kingdom of Bahrain	5%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Bangladesh	10%	Corporation holding over 10% of stocks: 10% / Other: 15%	10%
Venezuela	Bank : 5% / Others : 10%	Corporation holding over 10% of stocks: 5% / Other: 10%	Equipment: 5% / Other: 10%
Vietnam	10%	10%	Patent, etc.: 5% / Other: 15%
Belarus	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	5%
Belgium	10%	15%	10%
Bulgaria	10%	Corporation holding over 15% of stocks: 5% / Other: 10%	5%
Brazil	Loan for 7 years: 10% / Other: 15%	10%	Trademark: 25% / Other: 10%
Brunei Darussalam	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Georgia	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	10%

Contracting State	Limited tax rate		
	Interest	Dividend	Royalty
Czech Republic	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Kazakhstan	10%	Corporation holding over 10% of stocks: 5% / Other: 15%	Industrial equipment: 2% / Other: 10%
Canada	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Kuwait	5%	5%	15%
Republic of Kenya	12%	Corporation holding over 25% of stocks: 8% / Other: 10%	10%
Republic of Tajikistan	8%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Turkey	Over 2 years: 10% / Other: 15%	Corporation holding over 25% of stocks: 15% / Other: 20%	10%
Tunisia	12%	15%	15%
Pakistan	12.5%	Corporation holding over 20% of stocks: 10% / Other: 12.5%	10%
Republic of Peru	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Poland	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	5%
Fiji	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Philippines	Public issues: 10% / Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 25%	10%, 15%
Australia	15%	15%	15%
Kingdom of Saudi Arabia	5%	Corporation holding over 25% of stocks: 5% / Other: 10%	Equipment: 5% / Other: 10%
Republic of Serbia	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright: 5% / Other: 10%
Sri Lanka	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Switzerland	Bank: 5% / Others: 10%	Corporation holding over 25% of stocks: 5% / Others: 15%	5%
Sweden	Loan for 7 years: 10% / Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 15%	Copyright: 15% / Other: 10%
Spain	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Slovakia	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright: 0% / Other: 10%
Slovenia	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	5%
Singapore	10%	Corporate holding over 25% of stocks: 10% / Others: 15%	15%
United Arab Emirates	10%	Corporation holding over 10% of stocks: 5% / Others: 10%	0%
Iceland	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Ireland	0%	Corporation holding over 10% of stocks: 10% / Other: 15%	0%
Azerbaijan	10%	7%	Industrial investment: 5% / Other: 10%
Albania	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Algeria	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% / Other: 10%
Estonia	10%	Corporation holding over 25% of stocks: 5% / Other 10%	Equipment: 5% / Other: 10%
Federal Democratic Republic of Ethiopia	7.5%	Corporation holding over 25% of stocks: 5% / Other: 8%	5%

Contracting State	Limited tax rate		
	Interest	Dividend	Royalty
Republic of Ecuador	12%	Corporation holding over 10% of stocks: 5% / Other: 10%	Equipment: 5% / Other: 12%
United Kingdom	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% / Other: 10%
Oman	5%	Corporation holding over 10% of stocks: 5% / Other: 10%	8%
Austria	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% / Other: 10%
Jordan	10%	10%	10%
Uruguay	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Uzbekistan	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% / Other: 5%
Ukraine	5%	Corporation holding over 20% of stocks: 5% / Other: 15%	5%
Israel	Bank: 7.5% / Other: 10%	Corporation holding over 10% of stocks: 5%, 10% / Other: 15%	Equipment: 2% / Other: 5%
Egypt	Over 3 years: 10% / Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 15%	15%
Italy	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
India	10%	15%	10%
Indonesia	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	15%
Japan	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
China	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Chile	Bank: 4% / Stock market bond: 5% / Others: 15%	Corporation holding over 25% of stocks: 5% / Others: 10%	Equipment: 2% / Other: 10%
Qatar	10%	10%	5%
Colombia	10%	Corporation holding over 20% of stocks: 5% / Other: 15%	10%
Croatia	5%	Corporation holding over 25% of stocks: 5% / Others: 10%	0%
Kyrgyzstan	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	5%, 10%
Thailand	Bank: 10% / Other: 15%	10%	Software: 5% / Patent: 10% / Industrial equipment: 15%
Turkmenistan	10%	10%	10%
Panama	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 3% / Other: 10%
Papua New Guinea	10%	15%	10%
Portugal	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
France	10%	Corporation holding over 10% of stocks: 10% / Other: 15%	10%
Finland	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Hungary	0%	Corporation holding over 25% of stocks: 5% / Other: 10%	0%
Hong Kong	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%

* Original statements must be checked before actual application of taxation. (National Tax Service www.nts.go.kr Resources - Tax treaty)

* No tax treaty exists with Taiwan or Macao.

* Residence tax is additionally imposed in the United States, the Philippines, and the Republic of South Africa.

Frequently Asked Question & Answer

Q 01 What is the ceiling and scope of entertainment expenses which can be included as deductible expenses?

Entertainment expense refers to the expenses spent for entertainment, society, compensation, or other expenses of a similar nature, and means the amount spent by a domestic corporation to facilitate work with those who are directly or indirectly involved with their business. The ceiling of entertainment expenses is as follows.

Ceiling = KRW 12 million (KRW 24 million for small and medium size enterprises) x the number of months in the business year / 12 + amount of income x rate

Amount of income	Rate
KRW 10 billion or less	Total amount of income x 0.3%
More than KRW 10 billion not exceeding KRW 50 billion	KRW 20 million + (Amount over KRW 10 billion x 0.2%)
Amount exceeding KRW 50 billion	KRW 60 million + (Amount over KRW 50 billion x 0.03%)

Evidentiary documents of entertainment expenses: Proof of eligibility is included in the tax invoice, cash receipt, and corporate credit card (including a company card in an employee's name). Expenses incurred in excess of KRW 10,000 using cash or personal cards are not recognized as deductibles, although in the case of expenses for congratulations and condolences, a wedding invitation, etc., is eligible for a limit of KRW 200,000 per expenditure.

Q 02 How are non-resident's capital gains on domestic-source securities taxed?

In principle, 10% of the amount shall be filed and paid. However, when the acquisition value and transfer expenses of the securities can be confirmed, the payable tax amount shall be the lesser of the following:

- ① Paid amount x 10%
- ② (Gross income - acquisition value and transfer expenses) x 20%

Q 03 Is the scope of payment guarantee for overseas controlling shareholders applicable to thin capitalization only when a payment guarantee is issued to a third party?

The scope of payment guarantee for foreign shareholders applicable to thin capitalization includes all forms of payment guarantee which requires the overseas controlling shareholder to fulfill their payment obligations if a domestic company, etc. defaults on an obligation, regardless of whether there is a certificate of payment guarantee, the type of payment guarantee or the method of payment guarantee.

Q 04 If a domestic place of business borrows interest-free loan from the controlling shareholder, is it subject to thin cap?

A loan without interest or discount fees is excluded from thin cap.

CORPORATE
BUSINESS

Practice

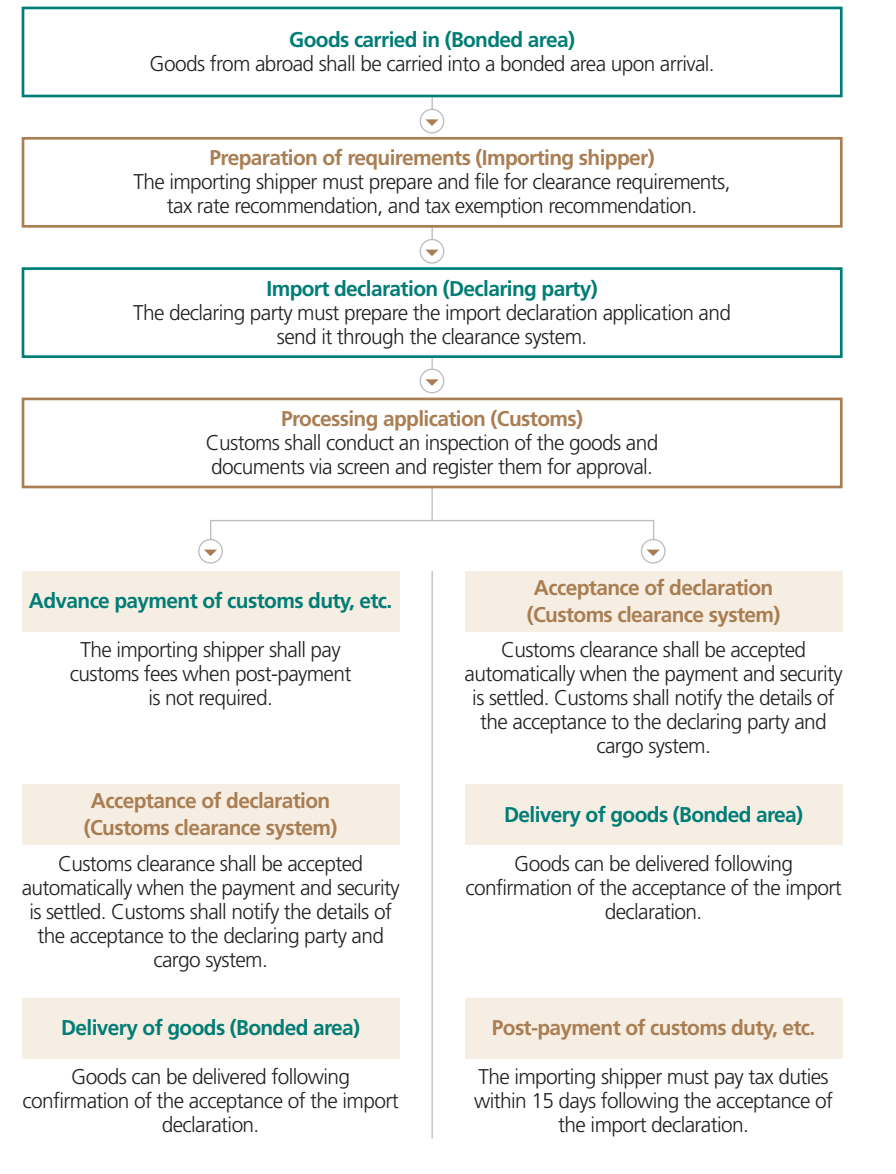
PART
2

Customs clearance and introduction of capital goods

Customs Clearance
Payment/Refund of Customs Duties
Customs Clearance on Capital Goods

Customs clearance refers to the import, export, or return of goods pursuant to the procedures prescribed by the customs Act. Import clearance refers to a series of customs processes including import declaration to a customs director, acceptance of the declaration by the director with its lawfulness, issuance of the certificate of import declaration, and shipping of the imported goods. Meanwhile, export clearance refers to the process of declaring the export of goods to customs and accepting permission of export and loading cargo. Return refers to the sending back of goods carried into Korea without import declaration to the country from where they were sent, with its processes called return clearance.

◆ Customs Clearance Procedures



Customs Clearance

01.

Customs Clearance Procedures

① Import Clearance

In order to export, import, or return goods, the name, standard, quantity, and price of such goods and other matters prescribed by the relevant regulations must be reported to the head of a customs office. The declaration of imports can only be made after the vessel (aircraft) loaded with the goods has arrived, but the import declaration can be made before arrival when the goods to be imported need to be cleared promptly. Goods that have been declared for import before arrival shall be deemed to have arrived in Korea.

* Import declaration period: Before the vessel departs, enters the port, and after the vessel enters the port and the goods arrive at the bonded area, and after they arrive at the bonded area, an import declaration is made to the head of the customs office.

② Documents for Import Declaration

The importer shall request an import declaration by submitting the invoice, bill of lading, packing list, certificate of origin, and documents confirming other import requirements. However, the requested declarant shall submit the documents when customs require the submission of documents for customs clearance, but otherwise, they shall be kept on their own.

* The Korea Customs Service has established a system to transmit the required documents for import declaration to be submitted to customs in electronic form or via electronic images.

③ Import Declaration

Import declaration is undertaken according to the method of screening, document screening, and inspection of goods, etc. When the import declaration is made legally, the report is immediately accepted. However, if the items listed in the declaration are not sufficient, a supplemental import declaration or customs clearance may be requested.

④ Inspection of Imported Goods

This inspection refers to whether the goods declared for import conform to the import declaration and whether they violate any regulations set by relevant laws and regulations through in-kind inspection. The inspection ratio may be applied differentially in consideration of compliance with regulations of importing companies, inspection performance, origin, etc., while the inspection method may be extractive inspection, total inspection, or via analysis depending on the inspection object. The importer shall bear the cost of inspecting the imported goods.

⑤ Issuance of Certificate of Import Declaration

When the customs officer accepts the import declaration, a declaration certificate electronically stamped by the Customs Special Officer shall be issued to the declarant.

★ REQUIREMENTS

Documents for Import Declaration

- **Invoice.** A contract is acceptable when the invoice has not arrived.
(The invoice must be submitted when a confirmed price is declared.)
- **Price declaration report** (only when required)
- **Copy of Bill of Lading (B/L) or Airway Bill (AWB)**
(excluded when electric submission is possible)
- **Packing list**
(The name or standard of goods and the quantity must be stated on each box. This is not necessary if a customs director deems it unnecessary or if the documents are submitted electronically.)
- **Certificate of origin** (only for required goods)
- **Required documents for examination, quarantine, permission and recommendation** (when checking via an electronic database is not possible)
- **Customs duty reduction** (payment)
- **Application for specific use duty rate** (only for applicable goods)
- **Agreement to apply tax rate**
- **Local tax payment security certificate** (applicable goods only)
- **Kimberly Process Certificate** (limited to diamond ore)
- **Certification of quota tariff, tariff concessions, and certificate of tax rate recommendation, or tax rate on breeding of fish and livestock**
(only when it is impossible to check via electronic database)



INFORMATION

How to Look up Specific Product Regulations and Tariff Rates

(Product specific rule in FTAs) Korea Customs Service Total Solution Yes FTA
<http://www.customs.go.kr>

FTA ▶ Preference Criterion (PSR) ▶ Search HS code

(Tariff rate for HS code in FTAs) Korea Customs Service Total Solution Yes FTA
<http://www.customs.go.kr>

FTA ▶ Preferential Tariff rate ▶ Search HS code

02. Internet Portal for Customs Clearance (UNI-PASS)

UNI-PASS is an online system that handles all customs clearance procedures such as customs declaration, payment of taxes, and application requirements needed by individuals and businesses when exporting or importing.

* UNI-PASS: unipass.customs.go.kr 

① Services

The primary services of UNI-PASS include electronic declaration, electronic payment, information check, and providing a unique personal customs code.

Service	Contents
Electronic declaration	Reports for import and export declaration or applying for a refund can be done online and checked afterwards. Customs documents can also be printed out.
Electronic payment	Following the import declaration, customs duties can be paid and processing details checked.
Information check	It is possible to check customs information, regulatory compliance, and customs codes required for administrative tasks related to customs.
Unique customs clearance code	It is possible to issue a unique customs clearance code used to report imports of personal goods and to inquire about it.

② Application Procedure

To use the UNI-PASS system, it is necessary to receive the approval of customs. The applicant must apply for and obtain a certificate from an accredited certification body and then join the system via the user registration menu. Then the officer in charge will approve the use of UNI-PASS after the confirmation of the application.

※ Related law: Notification of the Use and Operation of Customs UNI-PASS (Notification No. 2018-25 of the Korea Customs Service, Jul. 2018)



INFORMATION

UNIPASS Consulting

UNI-PASS Technical Support Center

• TEL: 1544-1285

(Providing consulting and service guidance related to UNI-PASS data processing (including import and export clearance, cargo, refunds, etc.))

Customs administration matter

• TEL: 125 (General consulting on customs duties: 20, foreigners: 40)

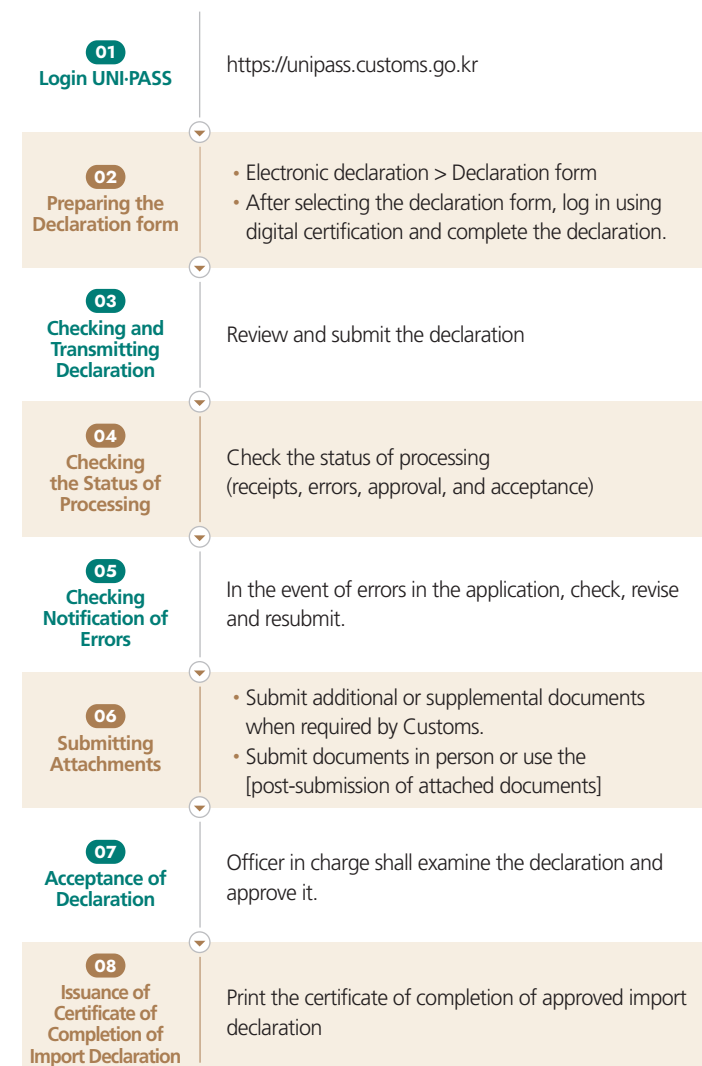
Providing consultation regarding customs processes, classification of items, and related customs laws

③ How to Use

UNI-PASS provides two types of services regarding the declaration method: application via a website; or application by PC and submitting to UNI-PASS all documents using the software to transmit several cases. The latter is useful when processing large amounts of data or when there are many applications.

Browsers : Internet Explorer, Chrome, Safari, FireFox

Work Processes through UNI-PASS



Payment/Refund of Customs Duties

01. Payment of Customs Duty

Generally, tariffs are imposed on imported goods to secure tax revenue and foster domestic industries. However, there is a tariff refund system which exempts some or all tariffs for certain policy purposes and returns the tariffs paid to the exporter or producer of exported goods when importing raw materials for export.

As tariffs on imported goods are to be reported and paid, the taxpayer must declare the tax base and tax rate on imported goods and pay the customs duties before or after the filing of the import declaration. On the other hand, as an exception to the declaration and payment system, there is a charge that the customs office establishes and announces the amount of tax paid on a traveler's goods hand-carried into the country. Customs duties can be paid by visiting a bank/financial institution (national treasury) or via Internet banking. It is also possible to pay by credit card through the customs agency's payment website.

INFORMATION

Contact for inquiry on credit card payment: Cardrotax

Korea Financial Telecommunications & Clearings Institute

• TEL: 1577-5500
<http://cardrotax.or.kr>

(Commission for payment by proxy shall be paid by taxpayer: 0.8 percent of the payable amount)

02. Customs Duty Reduction and Exemption

There are two types of customs duty reduction: unconditional reduction of and/or exemption from taxes based on specific facts; and conditional customs duty reduction and exemption in which customs duty is reduced or exempted based on condition of specific usage. In principle, the Customs Act stipulates customs reduction and exemption, although customs duty may be reduced or exempted according to the Foreign Investment Promotion Act, the Restriction of Special Taxation Act, the Submarine Mineral Resources Development Act, as well as multilateral and bilateral agreements.

03. Customs Duty Refund

Customs duty refund is a system for returning customs duties collected when importing raw materials for export to exporters or producers when exporting them as processed products. In this case, processing and export of the raw materials must be done within two years of the import of the raw materials.

Customs Clearance on Capital Goods

When foreign investors expect a customs duty exemption on invested capital goods or when an in-kind investment of capital goods is made, customs clearance should be made following the review and confirmation of the specifications of the imported capital goods.

Customs Clearance Procedures for Capital Goods



01. Confirmation of specification of imported capital goods

An application for confirmation of specification of imported capital goods must be made at either a foreign exchange bank or KOTRA following notification of the foreign investment. The following must be confirmed:

- Capital goods exempted from customs duty, individual consumption tax, and value added tax
- Capital goods imported by a foreign investor for investment purposes
- Capital goods introduced into the Republic of Korea by a foreign-invested company with a means of foreign payment contributed by a foreign investor or a means of domestic payment obtained by the exchange of the said means of foreign payment, among the goods designated and publicly notified by the minister of Trade, Industry and Energy

※ Related law: Article 38 of the Enforcement Decree of the Foreign Investment Promotion Act

※ Definition of capital goods: Article 2 (1) 8 of the Foreign Investment Promotion Act

02. Deadline of application for confirmation

A specification of imported capital goods including the quantity, standard, price, and producer of the goods should be prepared and an application for confirmation should be filed before the acceptance of import declaration.

03. Confirmation of completion of investment in kind

Capital goods imported for investment purposes must receive confirmation of completion of investment in kind from the Korea Customs Service officer dispatched to KOTRA, while registration of incorporation and registration of foreign-invested company shall be made.

★ REQUIREMENTS

Confirmation of specification of imported capital goods

- Three copies of the application of confirmation of specification of imported capital goods (attached Form 24 of the Enforcement Rules of the Foreign Investment Promotion Act)
- Documents verifying the prices thereof, such as an affirmation document of sale of goods

※ Related law: Article 23 of the Enforcement Rules of the Foreign Investment Promotion Act

Confirmation of completion of investment in kind

- Two copies of application of confirmation of completion of investment in kind (attached Form 25 of the Enforcement Rules of the Foreign Investment Promotion Act)
- Copy of certificate of completion of import declaration
 (It is not necessary to prepare this certificate when the applicant agrees to the common use of administrative information to check the certificate.)

※ Related law: Article 24 (1) and (2) of the Enforcement Rules of the Foreign Investment Promotion Act

HR and labor

- Labor Contract
- Wages
- Work Hours
- Holidays and Days-off
- Four Major Insurances
- Retirement Allowance
- Dismissal
- Rules of Employment
- Protection of Pregnant Women
- Work-Family Balance Assistance
- Safety and Health
- Irregular Workers
- Prohibition of Workplace Harassment
- Collective Labor-Management Relations

Competent workers and smooth labor-management relations are the key to the success of foreign-invested companies. Labor-related laws in Korea guarantee workers' humane lives and promote substantial equality between workers and employers. When hiring workers, a contract shall be drawn up to set out matters concerning wages, working hours, holidays and leave, termination, etc., and the four major insurances, severance payment, etc., should be guaranteed, thus fulfilling the employer's duty for safety and preservation during the working period. Recently, the government has been working to improve Korea's long work week through a revision of the law on working hours in order to ensure workers' work-life balance, protect non-regular workers, and ban harassment at work.

Labor Contract

A labor contract must set key working conditions, such as wages and working hours, and is essential for the protection of the rights of both employee and employer.

01. Stated matters

The labor contract must contain wages, work hours, holidays, annual paid leaves, work, retirement allowance, etc. A standard labor contract is provided on the website of the Ministry of Employment and Labor.

02. Employees on Probation

Probationary employment is a type of work that is intended to develop the working skills or adaptability of a new employee who has formally signed a labor contract. The Labor Standards Act applies to employees on probation and as such, there must be justifiable cause where an employer intends to dismiss the employee.

※ Related law: Article 5 (2) of the Minimum Wage Act, Article 3 of the Enforcement Decree of the Act

IN DETAIL

Prohibition for Requiring Applicants' Personal Information (region of origin, etc.)

Revision of the Article 4-3 of the Fair Hiring Procedure Act

A company that employs 30 or more workers on a permanent basis is prohibited from requiring a job-seeker to provide evidence of the following information that is not required for its job performance at the time of employment (signed into enforcement on Jul. 2019).

- Physical condition (appearance, height, weight, etc.)
- Job-seeker's region of origin, marital status, and property ownership
- Educational background, occupation, and property ownership of the jobseeker's parents, children, and siblings

Wages

Wages refers to wages, salary, and any other kinds of money or valuables, regardless of how it is referred to, which the employer pays to an employee as remuneration for work under the Labor Standards Act, the Wage Claim Guarantee Act, and the Minimum Wage Act. The minimum wage set by the Labor Ministry applicable in 2021 is KRW 8,720 per hour or KRW 1,822,480 a month when a total 209 hours are worked per month.

01. Payment

Payment of wages shall be directly made in full to employees in currency. If otherwise prescribed by statutes or by a collective agreement, wages may partially be deducted or may be paid by means other than currency.

02. Date of Payment

Wages shall be paid at least once per month on a fixed day. This shall not apply to extraordinary wages, allowances, other similar payments, or those wages prescribed by Presidential Decree. An employer shall pay wages corresponding to work already offered even prior to the payday if an employee requests the employer to do so in order to cover expenses for childbirth, diseases, disasters, or other cases of emergency (marriage, death, returning home for at least one week due to unavoidable circumstances) as prescribed by Presidential Decree.

03. Overtime work, night work, and holiday allowance

Employers shall pay 50 percent to or more of the ordinary wage by adding 50 percent of the ordinary wage for overtime work and an additional 50 percent of the ordinary wage for night work (work between 10 p.m. and 6 a.m. of the next day). For holiday work, employers shall pay 50 percent of the ordinary wage for work of eight hours or less and 100 percent or more of the ordinary wage if it exceeds eight hours.

Work Hours

Work hours shall not exceed forty hours a week and eight hours a day, excluding hours of recess. Upon calculating the work hours, any waiting time, etc., spent by employees under the direction and supervision of their employers that is necessary for the relevant work shall be deemed work hours.

01. Maximum limit on overtime work

Under the Labor Standards Act revised in March 2018, companies that employ 300 workers or more can extend their working hours by up to 12 hours per week from July 2018, which makes the maximum weekly work hours 52 hours. From January 1, 2020, it will be applied to companies with 50 or more employees, and to companies with five or more employees from July 1, 2021. From July 1, 2021 to December 31, 2022, where an employer who regularly employs less than thirty full-time employees makes a written agreement with the labor representative, he/she may extend work hours up to eight hours per week, in addition to the work hours extended as above.

02. Hours of Recess

An employer shall allow employees a recess of not less than thirty minutes in cases of working for four hours, or a recess of not less than one hour in cases of working for eight hours, during work hours.

03. Flexible work system

It is a system for flexible operation of decision-making and arrangement of working hours, which can allocate work hours according to the amount of work or left to the choice of workers to operate them flexibly and efficiently.

Type of Work Hours System	Details
Flexible work hours system	To observe the statutory average work hours for a certain period of time, the work hours of a certain day are extended while the work hours of another day are reduced.
Selective work hours system	Workers set their working hours including overtime work freely for a period within one month, with the weekly work hours not exceeding an average of 52 hours per week.
Deemed hours of work outside the workplace	When it is difficult to calculate the work hours provided by an employee because he/she carried out all or part of his/her duty outside the workplace owing to a business trip or any other reason, it shall be deemed that he/she has worked for contractual work hours.
Discretionary work hours system	In the case of work designated by Presidential Decree which requires leaving the methods of performing work to an employee's discretion due to the nature of the work, it shall be deemed that the work has been provided for such work hours as determined by a written agreement between the employer and the labor representative.
Compensatory leave system	An employer may grant employee leaves in lieu of wage payments for extended work, night work, or holiday work pursuant to Article 56 of the Labor Standards Act according to a written agreement that is concluded between him/her and the labor representative.

※ Related law: Articles 51, 52, 57 and 58 of the Labor Standards Act

Holidays and Days-off

01. Day-off

An employer shall guarantee an employee who has continuously worked for certain working days at least one paid holiday per week on average and also guarantee holidays as prescribed by Presidential Decree as paid holidays. However, where he/she makes a written agreement with the labor representative, such paid holidays may be substituted with particular working days.

02. Public holidays

The regulations on public holidays apply to those who employ five or more full-time workers. Under the Enforcement Decree of the Labor Standards Act amended on June 29, 2018, private companies are also required to grant paid holidays and substitute public holidays under the Regulations on Holidays of Government Offices. The regulations will go into effect on January, 2020 for companies with 300 or more employees and public institutions, January 1, 2012 for companies with 30 to less than 300 employees, and January 1, 2022 for companies with five to less than 30 employees.

03. Statutory Annual Paid Leave

Every employer shall grant any employee who has worked not less than 80 percent of one year a paid leave of fifteen days in the next year. The paid leave days are calculated thereafter by adding one day for every two continuously working years not including the first one year to the fifteen paid leave days. In this case, the total number of paid leave days, including the additional paid leave days, shall not exceed twenty five days. Every employer shall grant any employee who has continuously worked for less than one year one paid leave day for each month during which he/she has continuously worked. Every employee has the right to claim wages as a substitute for unused annual leave days and it is the imprescriptible right even if the right of claim for annual leave terminates. Where any employee's paid leave is terminated by time limitation because the employee fails to take his/her paid leave although the relevant employer has taken the measures falling to urge employees to take their respective annual leave, the relevant employer is not liable to indemnify the employee for his/her failure to take the paid leave.

Four Major Insurances

The four major insurances are employment insurance, industrial accidental compensation insurance, national pension and national health insurance.

Contribution Rates

	Employment insurance	Industrial accidental compensation insurance	National pension	National Health insurance
Employee	0.8% of the total pay	N/A	4.5% of the standard monthly income amount	3.335% of the standard monthly wage amount
Employer		Depends on the wage amount type of business		

Long-term health care insurance premium is 10.25 percent of health insurance premium, and is collected with national health insurance. In the case of employment stabilization occupational ability development business, the employer pays 0.25 to 0.85 percent of the total pay, depending on the number of employees.

* Contribution rate of industrial accidental compensation insurance: Refer to website of the Ministry of Employment and Labor www.moel.go.kr

IN DETAIL

Obligation of Foreign Employees to Subscribe to the four major Insurances

Foreign employees must subscribe to national health insurance (application for exclusion from subscription can be filed if certain requirements are met) and industrial accident compensation insurance, as is the case of their Korean counterparts, while employment insurance can be subscribed to arbitrarily, depending on residency qualifications and nationality.

Subscription to national pension varies by nationality, depending on reciprocity.

Retirement Allowance

01. Retirement

① Settlement of Payments

When an employee dies or retires, the employer shall pay wages, compensation, and other money or valuables within fourteen days of the day on which the cause of such payment occurred.

② Issuance of Certificate of Employment

Whenever an employer is requested by an employee to issue a certificate specifying the term of employment, the kind of work performed, positions taken, wages received, and other necessary information, he/she shall immediately prepare and deliver a certificate based on facts, even after the retirement of the employee. The certificate shall contain nothing other than what has been requested by the employee.

02. Severance Pay System

① Types

Severance pay refers to an annuity or lump sum paid to workers who provided consecutive service during a number of years. There are two types of retirement pension reserves-severance pay and retirement pension plan.

② Severance Pay System

It is a system established to pay a retiring worker a pro-rated amount equivalent to or more than the average wage earned for 30 days for each year of his/her continuous service by his/her employer.

③ Retirement Pension Plan

The defined benefit retirement pension system (DB), defined contribution retirement pension system (DC) and personal retirement pension (IRP) are defined as a system in which the user reserves the funds of retirement benefits to outside financial institutions and pays the reserve as pension or a lump sum upon retirement. When subscribing to a retirement pension, the employee can safely receive the severance pay without fear of defaulting after leaving the company, and the user can save tax because the paid reserves are recognized as deductible expenses under the Corporate Tax Act.

- **Defined Benefit Plan (DB):** Retirement benefits shall be multiplied by the length of time (years of service) in which the work is provided in excess of the average wage of thirty days per year. The level of retirement benefits to employees will be determined in advance.
- **Defined Contribution Plan (DC):** A twelfth of a subscriber's annual wages or more should be paid as contribution to the subscriber's account. The contribution of the employer is determined in advance.
- **Individual Retirement Pension (IRP):** This is a retirement pension plan established to accumulate and operate the lump sum paid by a participant or the contributions paid by an employer or a participant according to the participant's choice in which the amount of the benefits or contributions is not predetermined.

IN DETAIL

Introduction of the Retirement Pension System

An employer is required to set a retirement pension plan within one year of the establishment of the business; otherwise, such employer shall be deemed to have established a retirement allowance system. There is no punishment regulation for not setting up a retirement pension plan, however, the employer who fails to pay retirement benefit or retirement allowance shall be punished by imprisonment for not more than three years or by a fine not exceeding KRW 20 million.

※ Article 5, 11 of the Act on the Guarantee of Employees' Retirement Benefits

Dismissal

01. Justification of Dismissal

Dismissal refers to the termination of a working relationship against the will of an employee. An employer shall not, without justifiable cause, dismiss, lay off, suspend, or transfer an employee, reduce his/her wages, or take other punitive measures against him/her.

① Disciplinary Dismissal

This refers to the termination of working relationship in a disciplinary form where employer and employee cannot continue to maintain their working relationship. The institution comprehensively evaluates various circumstances, including disciplinary purposes, business characteristics, workers' duty, non-compliance, and their impact on the corporate order.

② Dismissal for Managerial Reasons

This refers to the termination of a working relationship based on urgent managerial needs in order to maintain the existence of a company for management. An employer shall make every effort to avoid dismissal and shall establish and follow reasonable and fair criteria for the selection of those persons subject to dismissal and inform them at least fifty days before the intended date of dismissal and consult in good faith with the labor union.

02. Advance Notice of Dismissal

When an employer intends to dismiss an employee (including dismissal for managerial reasons), he/she shall give the employee a notice of dismissal at least thirty days in advance of such dismissal. If the employer fails to give such advance notice, he/she shall pay such employee a minimum of thirty days' ordinary wage.

03. Written Notice for Dismissal

When an employer intends to dismiss an employee, the dismissal shall become effective only upon a written notice of grounds and timing for the dismissal.

04. Restriction on Dismissal

An employer shall not dismiss an employee during a period of suspension of work for medical treatment of an occupational injury or disease and within thirty days immediately thereafter. No woman shall be dismissed before or after during a period of suspension of work guaranteed by law and for thirty days immediately thereafter.

Rules of Employment

01. Preparation and Report of Rules of Employment

An employer employing ten employees or more should prepare and report the rules of employment to the Minister of Employment and Labor, and should also make a report when the rules are altered.

02. Matters to Include in the Rules of Employment

- Matters pertaining to the beginning and ending time of work, recess hours, holidays, leaves, and shifts
- Matters pertaining to the determination, calculation and payment method of wages, the period for which wages are calculated, the period for paying wages, and pay raises
- Matters pertaining to the methods of calculation and payment of family allowances
- Matters pertaining to retirement / Matters, etc. pertaining to retirement benefits, bonuses, and minimum wages

※ Related law: Article 93 of the Labor Standards Act

03. Amendment of Rules

An employer shall, with regard to the alteration of the rules of employment, hear the opinion of a labor union if there is such a labor union composed of the majority of the employees, or otherwise hear the opinion of the majority of said employees if there is no labor union composed of the majority of the employees. When amending the rules of employment unfavorably to employees, the employer shall obtain their consent thereto.

04. Effect of Violation

If a labor contract includes any term or condition of employment which falls short of the standards of labor as provided for in the rules of employment, such part shall be considered null and void. In this case, the invalidated part shall be governed by the standards provided for in the rules of employment.

Protection of Pregnant Women

01. Maternity Leave before and after Childbirth

An employer shall grant a pregnant woman a total of a 90-day maternity leave (120-day maternity leave, if she is pregnant with at least two children at a time) before and after childbirth. In such cases, at least 45 days (60 days, if she is pregnant with two or more children at a time) of the leave period after childbirth shall be granted.

02. Reduction of Working Hours for Period of Pregnancy

Where a female employee who has been pregnant for not more than twelve weeks or for not less than thirty six weeks requests the reduction of her work hours by two hours a day, the employer shall permit it. However, no employer shall reduce an employee's wages for reason of reduction of work hours. The employer may allow her work hours to be reduced to six hours if her work hours are shorter than eight hours a day.

03. Paternity Leave

Employers are required to give a ten day paid holiday if an employee applies for a leave on the grounds of a spouse's childbirth. However, the claim cannot be made ninety days after the date of the childbirth.

Work-Family Balance Assistance

01. Childcare Leave

Where a worker parenting his/her children (including adopted children) eight years old or younger or in the first or second grade of elementary school applies for temporary retirement, his/her employer shall grant permission therefor. The period of childcare leave shall not exceed one year, and no employer shall dismiss or take any other disadvantageous measures against a worker on account of childcare leave, or dismiss the relevant worker during the period of childcare leave. The period of childcare leave shall be included in his/her continuous employment period.

02. Reduction of Working Hours for Period of Childcare

Where any worker eligible to apply for childcare leave applies for a reduction of working hours in lieu of such leave, his/her employer shall grant it and no employer shall dismiss, or take any disadvantageous measures against, a worker on grounds of reduction of working hours for a period of childcare. Working hours after reduction shall be at least fifteen hours a week, but shall not exceed thirty five hours a week.

※ Related law: Article 19~19-3 of the Equal Employment Opportunity and Work-family Balance Assistance Act

Safety and Health

01. Health and Safety Education

A business owner shall regularly educate employees on health and safety in his/her place of business. Where a business owner employs a person for a harmful or dangerous job, he/she shall specially educate the employee for health and safety related to the job.

02. Health Examination for Employees

Health examination for employees should be conducted in order to protect and maintain employee's health. Office workers, other than those directly engaged in sales, shall take the examination at least once every two years while others shall take it at least once a year.

Irregular Workers

01. Fixed-term Workers

Fixed-term workers refer to an employee who has a fixed contract period, and an employer may hire a fixed-term worker for a period not exceeding two years. Where an employer hires a fixed-term worker for more than two years, such fixed-term worker shall be deemed a worker subject to non-fixed term employment contract. No employer shall give discriminatory treatment to any fixed-term worker on the ground of his/her employment status compared with other workers engaged in the same or similar kind of work on a non-fixed term employment contract at the business or workplace concerned.

02. Temporary Agency Worker

Temporary agency worker refers to a worker employed by a temporary work agency who works for the dispatched company under the direction and supervision of the dispatched company in accordance with the terms and conditions of a contract on temporary placement of workers. Jobs permitted for temporary work agency business shall be deemed appropriate for that purpose in consideration of professional knowledge, skills or experience or the nature of duties and prescribed by Presidential Decree, except for those directly related to production in the manufacturing industry.

Prohibition of Workplace Harassment

01. Protection of Workers

No employer or employee shall cause physical or mental suffering to other employees or deteriorate the work environment beyond the appropriate scope of work by taking advantage of superiority in rank, relationship, etc. in the workplace.

Where deemed necessary to protect employees who suffer or claim to suffer workplace harassment while investigation is conducted, the employer shall take appropriate measures for the victimized employees, etc., such as transferring their place of work or ordering them a paid leave of absence. In such cases, the employer shall not take measures contrary to the will of the victimized employees, etc.

02. Measures

Where the occurrence of workplace harassment is verified as a result of investigation, the employer shall take appropriate measures for the victimized employees, etc., such as transferring their place of work, giving them a lateral transfer or ordering them a paid leave of absence if the victimized employees, etc., make a request, and without delay, take necessary measures, such as taking disciplinary measures against the perpetrator of workplace harassment or transferring his/her place of work.

※ Related law: Article 2 of the Chapter 6 of the Labor Standards Act (Enforced Jul. 2019)

Collective Labor-Management Relations

01. Labor Union

Labor union refers to an organization or associated organizations of workers which is formed voluntarily, and there is no restriction in its form. Labor unions in Korea are formed generally as an associated organization including an industrial associated organization, the members of which are unit labor unions in the same industry, or a confederation of associated organizations, the members of which are industrial associated organizations or nationwide industrial unit labor unions.

02. Unfair Labor Practices

The government bans any infringement of users' right to work and guarantees the basic right to work under the Constitution through the system of correcting unfair labor practices. Unfair labor practices include: unfavorable treatment of a worker on grounds that he has joined or intends to join a labor union, etc.; employment of a worker on the condition that he should join a particular labor union; refusal or delay of the execution of a collective agreement or other collective bargaining; domination of or interference in the organization or operation of a labor union by workers; and unfavorable treatment of a worker on grounds that they have participated in justifiable collective activities, or that they reported to or testified.

※ Related law: Article 81 of the Trade Union and Labor Relations Adjustment Act

03. Labor Relations Commission

It is an administrative agency established to carry out judgment and coordination work on labor relations swiftly and fairly. The Labor Relations Commission shall carry out duties concerning the correction of judgment, decision, resolution, approval, recognition or discriminatory treatment under the Labor Union and Labor Relations Adjustment Act and the Labor Standards Act, and support for the mediation or arbitration of labor disputes or the resolution of independent labor disputes by the parties concerned, investigation, research, education and promotion related to the performance of such duties. The Labor Relations Commission has the right to request cooperation from related administrative agencies and to investigate the case if necessary for office execution.

※ Related law: Article 1, 2-2, 22-26 of the Trade Union and Labor Relations Adjustment Act

04. Labor-Management Consultation

It is a system in which both workers and users consult or jointly decide on various managerial matters for the common good. Companies with a permanent workforce of 30 or more are required to set up a labor-management council which consists of the same number of members representing workers and users. It usually consists of three or more people and less than ten.



INFORMATION

Obligation to Hire Persons with Disabilities and Persons of Distinguished Service to the Nation

1. Obligation to Hire Persons with Disabilities

Any business owner who regularly employs at least fifty full-time employees shall employ persons with disabilities at a ratio of at least 3.1 percent of the total number of employees. A business owner who employs persons with disabilities (excluding business owners who regularly employ at least 50, but not exceeding 100 employees), but fails to meet the mandatory rate for employment shall pay a contributory charge to the Minister of Employment and Labor each year.

※ Related law: Article 28, 33 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities, Article 25, 36 of the Enforcement Decree of the Act

2. Persons of Distinguished Service to the Nation

A public or private enterprise and public or private organization which ordinarily employs at least twenty persons a day shall preferentially employ persons eligible for employment assistance in not lower than the employment* rate for each enterprise subject to employing persons eligible for employment assistance, which is set by Presidential Decree (Appendix 9 of the Enforcement Decree of the Act of the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the Nation), within the scope of three to eight percent of the total number of its employees. An employer who refuses to employ such persons of employment assistance without any just grounds after an instruction from the Minister of Patriots and Veterans Affairs shall be imposed KRW 10 million or more of administrative fines.

Foreign-invested companies that move into free economic zones may be excluded from the application of the obligation to hire persons with disabilities and national meritorious workers, while foreign-invested enterprises that move into free trade zones may be excluded from the application of the obligation to hire persons with disabilities.

* Related law: Article 33-2, 86 of the Act of the Honorable Treatment of and Support for Persons, etc. of Distinguished Service to the State

Reference: Labor-Management Practice for Foreign-invested Businesses 2020 (KOTRA)

Frequently Asked Question & Answer

Q 01 Hiring suitable employees and dismissing unsuitable employees is difficult. May a company have certain period of time to verify a new employee's qualities?

A company may verify the employee's qualities via a probationary period stated on the labor contract. The period is not fixed by law but the majority of companies have a three-month probationary period as accorded in Article 26 of the Labor Standards Act which states that advance notice of dismissal is not essential when the period during which the employee has worked continuously is less than three months.

Q 02 How is the minimum wage for 2020 calculated on a 209-hour basis?

The average weeks of one year are 4.345 weeks (365 days ÷ 7 days ÷ 12 months). The weekly work hours are 48 hours - eight hours per workday and eight hours during the weekly holiday. If 48 hours a week is multiplied with the monthly average weeks, the total hours comes to 208.56, or 209 hours. (4.345 X 48 = 208.56)

Q 03 Is it violation of the law concerning work hours if an employee works 15 hours a day for three days a week, not exceeding 52 hours per week?

The employee has worked seven hours of overtime work for three days per week, making the total overtime work hours per week 21 hours. The Labor Standards Act stipulates that one week's overtime work cannot exceed 12 hours, so even if the total working week is within 52 hours, it shall constitute a violation of the law.

Q 04 Is it possible for an executive of a foreign-invested company to subscribe to employment insurance?

A worker in a business that is covered by employment insurance becomes an insured employee, and a representative director and others are not insured. A worker is a person who provides work under the direction and supervision of the employer and receives wages in return. One is not an employee who is in the position of representative or executive body, such as a director of a corporation or an auditor. However, even if one's title is executive director or vice president, it is necessary to determine the worker's status based on the specific facts since the employee is provided with work in a subordinate relationship without having any actual right to carry out work and is not responsible for the management of the company.

Frequently Asked Question & Answer

Q 05 What are the cases in which foreign employees are excluded from subscription to national pension?

- When the foreign employee's home country law does not apply to the people of Korea regarding "the pension commensurate with the national pension" under the National Pension Act.
- When a foreigner overstays the permitted period of sojourn.
- When a foreigner is not registered or an order is issued to deport him or her.
- When the status of sojourn is as follows; Diplomacy (A-1), Foreign Government Official (A-2), International agreement (A-3), Visa Exempted (B-1), Tourist/Transit (B-2), Short-term News Coverage (C-1), Short-term Visit (C-3), Short-term Employee (C-4), Korean Arts and Culture (D-1), Student (D-2), Industrial Trainee (D-3), General Trainee (D-4), Religious Worker (D-6), Visiting or Joining Family (F-1), Dependent Family (F-3), Others (G-1)
- When a foreigner is not subject to the "National Pension Act" in any other statute or treaty

Q 06 Is a foreigner who works in a foreign-invested company and has a D-8 visa obliged to subscribe to health insurance?

In principle, the foreign employee is subject to obligatory subscription to national health insurance. However, according to Article 109 (5) of the National Health Insurance Act and Article 61-4 of the Enforcement Rules of the Act, where a foreigner residing in Korea can receive medical care equivalent to health care benefits through a foreign insurance or a contract with his/her employer and the employer or subscriber applies for exemption from subscription, he/she can be excluded from subscription.

Q 07 Is National Pension refundable when a foreigner returns to his/her home country?

A lump-sum refund can be applied to a foreigner who returns to his/her home country in the following cases: www.nps.or.kr

- ㉠ In cases where a foreigner whose home country grants Koreans benefits in compliance with a lump-sum refund under the National Pension Scheme,
- ㉡ In cases where a foreigner whose home country has concluded a social security agreement with Korea regarding the payment of the lump-sum refund.
※ As of May 2019: 18 countries including Canada, United States, Germany, Hungary, France, Australia, Czech Republic, Belgium, Bulgaria, Slovakia, Poland, Romania, Austria, India, Turkey, Switzerland, Brazil, Peru
- ㉢ In cases where a foreigner who has been covered under the National Pension Scheme with the status of sojourn of E-8 (Employment for Training), E-9 (Non-professional Employment), or H-2 (Visiting Employment), returns to his/her home country

Q 08 If the notice of termination was given five days short of the 30-day notice period, shall the employee be given a five-day allowance?

When an employer intends to fire (including dismissal for managerial reasons) an employee, the employer shall make a notice of dismissal at least 30 days in advance, and if the employer has not made the notice 30 days in advance, the employer shall pay the amount equivalent or more than the ordinary wage for 30 days or more (allowance for advance notice of dismissal). The period of termination notice is calculated as calendar days, not working days, so if there is a holiday it is not extended, and if there is a shortage of one day or more, the entire amount equivalent or more than ordinary wage for 30 days or longer should be paid.

Intellectual property system

- Intellectual Property Rights
- Main Services of the Korea Intellectual Property Office
- Dispute Settlement Committee for Industrial Property

Korea is the world's 4th largest intellectual property application and 5th largest international patent applicant for Patent Cooperation Treaty (PCT), making the country a patent powerhouse. In general, patents are divided into industrial property rights, copyrights, and new intellectual property rights, although industrial property rights are most common in Korea. The Korean Intellectual Property Office, designated as an international research institute for PCT international applications and an international reserve review agency in 1999, has improved its system by strengthening related laws and systems and simplifying administrative procedures to actively cope with the rapidly changing global trade environment, and providing various support for the acquisition and protection of intellectual property rights.

Intellectual Property Rights

Intellectual property right is classified into industrial property rights, copyrights, and new intellectual property rights. Industrial property rights consist of patent right, utility model right, design right, and trademark right. This book will only focus on the industrial property rights that are applied to companies.

01. Registration of Intellectual Property Rights

"Registration of Industrial Property Rights" inclusively refers to the recording of the creation, modification, extinction, and other given items of information concerning patent rights on the patent register maintained at the patent office or recorded items of information based on the authority of the Commissioner of the Patent Office, request by the parties, or commission by a law court or other government agencies.

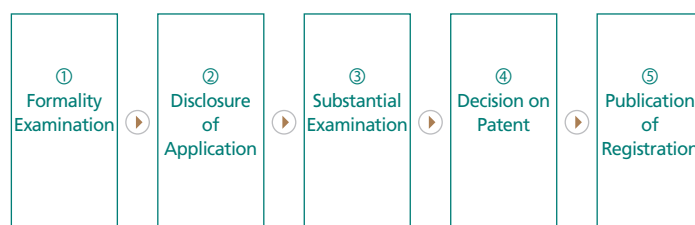
"Register" means the patent register maintained at the patent office for the Commissioner to record the prescribed registration items provided under statutes concerning industrial property rights and related rights. The registers for industrial property rights are broken down into four kinds, and each register has separate trust registers. The statement of patented invention, drawings, design drawings, and documents indicating trademarks are regarded as part of the register.

Category	Definition	Duration
Patent register	An official book for registering patents as the creation of technical ideas using the law of nature whose invention level is advanced	From the day of filing of registration, up to 20 years from the date of filing
Utility model register	An official book for registering utility models as the creation of technical ideas using the law of nature concerning the shape, structure, and combination of articles	From the day of filing of registration, up to 10 years from the date of filing (up to 15 years in case of those subject to the old Act)
Design register	An official book for registering designs, which are forms, shapes, colors, or their combination of articles for feeling the aesthetic sense visually	From the day of filing of registration, up to 20 years from the date of filing (up to 15 years from the registration date in case of those subject to the old Act)
Trademark register	An official book for registering trademarks, which are signs, characters, figures, cubic shapes, colors, holograms, actions, or their combinations used to distinguish from other goods	Up to 10 years from the registration date (renewable every 10 years, semi-permanent right)

02. Patent Right

The patent right system is prepared to promote the development of the national industry by protecting and promoting inventions, and to this end, it refers to granting patent rights in return for technology disclosure. The right is effective only within the countries which have obtained the rights, while Korea adopts an elective principle that grants patent rights to first-time applicants in patent applications.

Main Procedures for Patent Application



- ① Formality assessment is to check whether there are errors in the process (e.g., missing information on submitted documents, observation of period, attachment of required certificates, payment of fees).
- ② The Korean Intellectual Property Office discloses the patent application eighteen months after the application date to prevent delays in the public disclosure of technologies for which an application has been submitted.
- ③ Substantive examination reviews the invention's industrial applicability, novelty and inventiveness. A patent is granted on condition of disclosure, so a review is conducted on whether the specification is appropriate for use by the public.
- ④ The applicant will be notified of the decision to grant a patent when the examination result shows no reason for rejection.
- ⑤ The applicant shall pay a registration fee to register the patent immediately upon receiving notification of the decision to award a patent. The patent right enters into effect upon establishment of registration and the registered application for a patent will then be published and disclosed to the public.

Method of Patent Application

Method	Electronic Application	Application in Paper	
	Online	Post	Visiting
Details	Transmit an application online by using software for electronic documents	Fill out an application form and send it to the Korea Intellectual Property Office	Submit an application by visiting the office
Place for application	www.patent.go.kr ▶ patent application ▶ application in Korea ▶ Installation of software for electronic documents	(35208) A director of Korea Intellectual Property Office, Government complex Daejeon, Seogucheongs-ro 189, Daejeon Metropolitan City	Customers service center for patent in Korea Intellectual Property Office (Daejeon), Seoul office of Korea Intellectual Property Office (Seoul)
Time of receipt	Available 24 hours from Monday to Saturday. Available from 09:00 to 21:00 in holidays and Sunday	The imprinted date from post office is recognized as application date. (The arrival date in Korea Intellectual Property Office shall be recognized as application date for PCT international application)	From 09:00 to 18:00 (From 09:00 to 13:00 for winter season and Saturday)



INFORMATION

Electronic Application for Patent and Information Retrieval

1. "Teukheoro" is an electronic application service for patent operated by Korea Intellectual Property Office, which makes it easy to apply and register patent and pay commission.
www.patent.go.kr • Customers service center: 1544-8080
2. KIPRIS (Korea Intellectual Property Rights Information Service) is an information retrieval service operated by Korea Intellectual Property Office through Korea Institute of Patent Information (KIPI). It provides a search and inquires function for domestic intellectual property information and overseas patent information including patents and utility model rights, design, and trademarks.
www.kipris.or.kr

03. Utility Model Rights

Patent rights protect invention; on the other hand, utility model rights protect design. Thus, utility model means the design itself, which can be improved to make it more convenient and useful to use. The system of registration has been adopted after the examination to decide whether or not to register a new utility model after an actual review.

04. Design Rights

Design rights refer to the exclusive right enjoyed by the registrar for all designs that create a sense of taste through vision, such as the forms, shape, color, or their combination. If the applicant wishes to apply for a design similar to the originally applied basic design, the application can be recognized as related design within one year from the registration application date of the basic design and the design right can be obtained.

05. Trademarks Rights

Trademark rights refer to the right to exclusively use the labels used to identify one's own and another's products. Labels refer to all markings used to indicate the source of a product, regardless of its composition or manner of expression, such as symbols, letters, shapes, sounds, smells, stereoscopic features, holograms, actions, or colors. The terms of the existence of the trademark are ten years from the date of the establishment registration, and an application for renewal is required every ten years.

Main Services of the Korea Intellectual Property Office

With technological innovation and intellectual property policies at the core of the national strategy due to the Fourth Industrial Revolution, the Korea Intellectual Property Office is pursuing policies to foster related manpower and improve services to the public, including reliable screening and examination, providing referee services, strengthening protection and support to strong patent creation and promoting commercialization of superior intellectual properties.

01. Patent Examination System Customized in Three Tracks

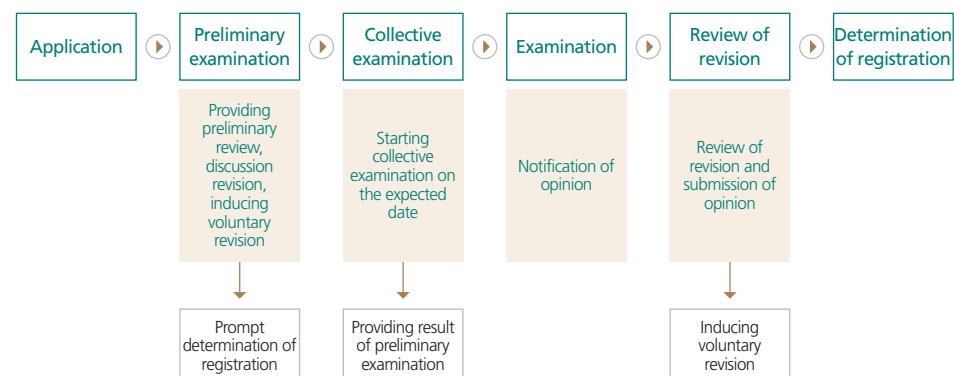
The Korea Intellectual Property Office operates a patent examination system customized in three tracks to offer competitive period and quality of examination: preferential examination, general examination, and late examination. It has advantages of providing the opportunity to secure monopolistic status with acquisition of patents in advance and securing sufficient time of commercialization through late examination.

- Preferential examination: Request preceding technology investigation at a specialized organization and adjust the processing time for the application
- General examination: Provide the result within the average pendency period
- Late examination: Introduce an application system of suspension of examination for customer who requests late examination

02. Patent Examination 3.0

It is a new paradigm of patent examination to enable high-quality patents beyond the traditional one-way service and with communication between applicants and examiners in every process of examination including preliminary examination, collective examination, and review of revision.

Major Systems at Each Step of Examination



03. Preliminary Examination

The patent applicant can identify and respond to the reasons for rejection before the official examination by exchanging opinions based on the results of the review, and grant the correct examination and patent rights in advance by exchanging opinions of the technology and examination with the applicant.

04. Collective Examination

By reviewing multiple applications at once at the expected time, companies can secure collective intellectual property rights in accordance with their management strategies such as when products are released, and the nation can commercialize R&D products and activate technology transfer.

05. Review of Revision

A system in which the patent applicant exchanges opinions on the revision through a meeting with the examiner before submitting the final version of document in response to the reason for the refusal notified. The applicant can advance the timing of the patent decision by reducing unnecessary procedures by identifying whether or not the reasons for the correction of the revised proposal are resolved before submitting the final documents, while the examiner can seek an accurate examination by exchanging opinions of the technology and examination with the applicant directly.

06. Technology Publication Service through the Internet

On its website, the Korea Intellectual Property Office created a "Cyber Bulletin" as an internet technology publication service. Since it is difficult to exercise patents on certain technologies due to the prior application for the purpose of defense in regard to time loss and cost, the Korea Intellectual Property Office offers notarization of the details and date of technology and recognition of the priority for those who intend not to secure patent rights but seek protection from exercised patent rights when he/she posts the details of technology in the "Cyber Bulletin" to prevent disadvantages in business from other company's exercise of patent rights.

IN DETAIL

When not to use the internet technology publication service

For those who intend to apply for patent rights through the application process and for technologies protected by trade secret.

Dispute Settlement Committee for Industrial Property

The Korea Intellectual Property Office operates a Dispute Settlement Committee for industrial property based on the Invention Promotion Act and supports the settlement in order to reduce cost and time burden of people arising from lawsuits and to offer advance and fair resolution on disputes over industrial property rights. Settlement by the Dispute Settlement Committee for industrial property provides prompt reconciliation via a free service as opposed to a lawsuit. In addition, the process is undertaken behind closed doors, while the following advantages are provided.

Category	Details
Saving time and cost	Time can be saved by resolving multiple lawsuits (civil and criminal) or judgments in a single procedure, and costs can be saved since no separate application amount are required.
Professional and neutral advice	Committee members, consisting of experts, assist the parties to make reasonable judgments by giving professional and objective advice on industrial property rights disputes through coordination meetings.
Win-win settlement of disputes between two parties	Satisfactory compromise between the two parties is possible as opposed to lawsuits.
Enactment of reconciliation in court when settlement is established	Enactment of reconciliation in court which has the same effect as final and conclusive judgement shall be made when settlement is established.
Promptness and confidentiality	The process of settlement shall be completed within 3 months from the application date when there is no specific reason. The process is undertaken in confidence, which is useful for those who do not wish to inform the public of the dispute or are concerned with leakage of trade secrets.

01. Qualifications to Apply

Qualified applicants for dispute settlement are industrial property holders, enforcers, licensees, employee inventors, and those who have interests in implementing rights.

02. Types of Disputes Open for Settlement

- Dispute of industrial property (patent, utility model, trademarks and design)
- Dispute concerning job invention
- Dispute concerning technical trade secret

→ Except for requests for free and cancellation of industrial property rights and judgment on rights verification, etc.



INFORMATION

Application of Settlement Dispute on Industrial Property

- Application method: Fill out the application form from the website and apply online or by postage, fax, or e-mail. http://koipa.re.kr/adr/request_2.html
- Contact: 1670-9779 (TEL), 02-2183-5897 (Fax), lp.adr@korea.kr (email)
- Address: Dispute Settlement Committee for Industrial Property Office, 6F Korea Intellectual Property Center, Teheran-ro 131, Gangnam-gu, Seoul

Foreign Investment Ombudsman System

- Function and Authority of the Foreign Investment Ombudsman System
- Grievance Resolution Committee and Home Doctor System

The Foreign Investment Ombudsman System was introduced in 1999, under the Foreign Investment Promotion Act, for the purpose of supporting the settlement of grievances of foreign-invested companies operating in Korea. The Foreign Investment Ombudsman offers after-support service for foreign-invested companies, which effectively addresses and supports the difficulties of companies and subsequently promotes an increase in investment from existing foreign-invested companies, as well as new investment, by improving the investment environment.

Function and Authority of the Foreign Investment Ombudsman System

01. Method of Appointment and Function

The Foreign Investment Ombudsman shall be commissioned by the President following the recommendation of the Minister of Trade, Industry, and Energy, and via deliberation by the Foreign Investment Committee. The Foreign Investment Ombudsman is responsible for the investigation and handling of difficulties of foreign investors and foreign-invested companies, the preparation of policy measures for improving the foreign investment system, recommendations to relevant administrative and public agencies, and other tasks required for handling the difficulties of foreign investors and foreign-invested companies.

02. Authority

① If necessary for settling the grievances of foreign investors and foreign-invested companies, the Foreign Investment Ombudsman may request that the head of a relevant administrative agency and foreign-investment related agency render necessary cooperation in the following subparagraphs. In such cases, the head of the relevant administrative agency, etc. in receipt of such request shall comply therewith, unless extenuating circumstances exist:

- Providing an explanation to a relevant administrative agency, etc. or submitting data in accordance with the standards as prescribed by Presidential Decree
- Stating opinions of related employees, interested persons, etc.
- Requesting cooperation for site visits

② Where deemed necessary after resolving the complaints of foreign investors and foreign-invested companies, any foreign investment ombudsman may recommend the heads of relevant administrative agencies and the heads of public institutions to take corrective measures on related affairs.

- The heads of the related central and municipal government offices that have been advised to improve their system or service should notify the Foreign Investment Ombudsman of the results of their handling in writing within 30 days.
- The Foreign Investment Ombudsman may check or inspect the performance of the recommended improvement and have the case of recommended improvement referred to the Foreign Investment Committee when the heads of related central or municipal government offices fail to perform the improvement as recommended.

※ Related laws: Article 15-2 (3), (4), (5), (6) of the Foreign Investment Promotion Act, Article 21-3 (5), (6) of its Enforcement Decree

Grievance Resolution Committee and Home Doctor System

01. Grievance Resolution Committee

A grievance resolution committee shall be established within the Korea Trade-Investment Promotion Agency in order to support the duties of the Foreign Investment Ombudsman, with the head of the committee being the Foreign Investment Ombudsman.

The head of the grievance committee may request cooperation from a relevant administrative agency or a foreign-investment related agency to settle the complaints of foreign investors and foreign-invested companies. In such cases, the agency upon receipt of a request for cooperation shall present the results of resolving complaints or its opinion on such matters within seven days after receipt of the request.

※ Related law: Article 21-4 (2), (3) of the Enforcement Decree of the Foreign Investment Promotion Act

02. Home Doctor System

In order to efficiently settle the complaints of foreign investors and foreign-invested companies, the head of the grievance resolution committee may designate Home Doctors in charge of settling complaints for each region or foreign-invested company.

• Areas supported: Finance, labor, tax/accounting, consumer goods, certification/safety/environment/IT/automobile/machinery, immigration/visa, etc.

※ Related laws: Article 21-4 (5) of the Enforcement Decree of the Foreign Investment Promotion Act

03. Procedures for Grievance Settlement

Procedures for the settlement of grievances from foreign investors or foreign-invested companies are as follows.

- ① Received by the export (Home doctor) phone, site visit, or online or by e-mail
- ② The relevant expert pursues settlement methods in consultation with related ministries or agencies after examining the contents of the related complaint
- ③ The results of complaint handling are individually notified to the relevant business

* Source: 2019 Foreign Investment Ombudsman Annual Report (Sep. 2020)

INFORMATION

Contact the Foreign Investment Ombudsman for grievance resolution

- TEL: 02-3497-1824
- Fax: 02-3497-1699
- Address: Foreign-invested Company Grievance Settlement Office, 6F Invest Korea Plaza, Hyeoleung-ro 7, Seocho-gu, Seoul

04. Regulatory Information for Foreign Investors

The Regulatory Information Service for Foreign Investors is provided by the Office of the Foreign Investment Ombudsman in cooperation with the Regulatory Reform Committee under the Office of Government Policy Coordination to seek the opinions of foreign-invested companies. The government and National Assembly's legislative proposals relevant to foreign investment are translated into English and submissions made by foreign investors are referred to relevant government bodies.

* The Foreign Investment Ombudsman website (Regulatory information): <http://ombudsman.kotra.or.kr>

Details of Service

Category	Details of Service
Government legislation	<ul style="list-style-type: none"> • Providing translation in English and summary of new or enhanced regulation from Government (Enforcement Decree and Enforcement Rules) • Collecting opinions of related regulation from foreign-invested companies, providing English translation and sending it to government agencies in charge of the regulation.
National Assembly legislation	<ul style="list-style-type: none"> • Providing English translation and summary regarding new or enhanced regulation from National Assembly on motion • Collecting the opinions of related regulation from foreign-invested companies, providing English translation and sending it to government agencies or relevant member of the National Assembly in charge of the regulation.
Regulatory Reform Sinmungo (Request for improving the existing regulation)	<ul style="list-style-type: none"> • Collecting proposals regarding the existing regulation in effect, sending replies to the government ministry and office concerned.

* Source: 2019 Foreign Investment Ombudsman Annual Report (Sep. 2020)



INFORMATION

Method of Application for Newsletter of Regulatory Information

- Application: Available in Foreign Investment Ombudsman website (Bulletin Board ▶ Newsletter)
- Contact: 02-3497-1829, 1827

Frequently Asked Question & Answer

Q In what areas can grievance resolution be applied?

01 The resolution for grievances is provided in all fields, ranging from corporate management to the living environment of foreign investors. Exceptions include private disputes between companies, the sales of individual companies, requests that contradict global standards and matters that unfairly influence other companies or industries.

* Source: 2019 Foreign Investment Ombudsman Annual Report (Sep. 2020)

Dissolution and liquidation

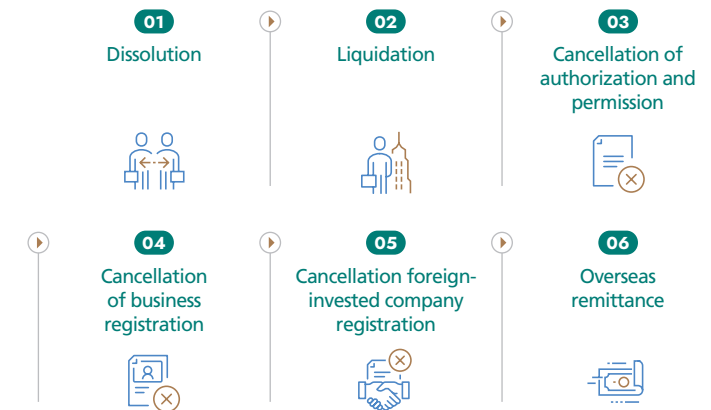
- Dissolution
- Liquidation of a Stock Company
- Cancellation of Authorization and Permission
- Cancellation of Business Registration
- Cancellation of Foreign-Invested Company Registration
- Overseas Remittance

When a foreign-invested company discontinues its business, its corporate personality shall be lost through a procedure of dissolution, liquidation, cancellation of authorization and permission and its business registration, cancellation of foreign-invested company registration. If every process is completed, it is possible to transfer the surplus assets distributed by its equity ratio after the liquidation of its liabilities. A separate liquidator is appointed to carry out liquidation.

Dissolution

When a corporation discontinues its business, it is required to undertake procedures of dissolution, liquidation, cancellation of authorization and permission, cancellation of its business registration, cancellation of foreign-invested company registration, which takes about two months. It is impossible to reduce the period to less than two months because the period of notice to creditors shall not exceed two months according to Article 535 of the Commercial Act.

Procedure of dissolution and liquidation



The process of dissolution and liquidation is required for the elimination of corporate personality. The grounds for dissolution are as follows, but in most cases, the dissolution is decided by a resolution passed at a general meeting of shareholders.

Grounds for Corporate Dissolution

- Termination of the period of existence or occurrence of any events specified in the articles of incorporation
- Merger
- Bankruptcy
- Order or judgment of a court
- Division or merger after division of the company
- Resolution passed at a general meeting of shareholders

★ REQUIREMENTS

• Corporate Dissolution

Registration of incorporation: Online Registry of Supreme Court www.iros.go.kr ▶ Library ▶ Registration application form ▶ Corporate registration ▶ Search (Registration of incorporation)

※ **Contact: Officer in charge of corporate registration in Supreme Court Register Office**
1544-0773-2→3

Liquidation of a Stock Company

01. Appointment of Liquidators

Upon dissolution of a company, except in cases of dissolution by a merger, division, merger after division, or bankruptcy, directors shall become liquidators. This is not necessary, however, if otherwise provided for in the articles of incorporation or if other persons have been appointed at a general meeting of shareholders.

02. Liquidators' Reports

A liquidator shall report the grounds for and date of dissolution and the name, resident registration number, and address of the liquidator to the court within two weeks of the date of appointment.

03. Investigation and Report of Company Assets

After a liquidator has assumed office, he/she shall, without delay, investigate the status of the company's assets and shall prepare an inventory list and a balance sheet and submit them to a general meeting of shareholders for approval. After obtaining approval, a liquidator shall, without delay, submit an inventory list and a balance sheet to the court.

04. Preparation and Submission of Balance Sheet, etc.

A liquidator shall prepare a balance sheet, supplementary schedules, a business report four weeks prior to the date set for an ordinary general meeting of shareholders and submit them to an auditor.

05. Submission of Audit Report from Auditor

An auditor shall submit to a liquidator an audit report on the balance sheet, supplementary schedules, and a business report one week prior to the date set for an ordinary general meeting of shareholders.

06. Peremptory Notice to Creditors and Repayments

A liquidator shall give peremptory notice to creditors of a company, by means of public notice, at least two times within two months after he/she takes office, to the effect that the creditors present their claims within a fixed period and that any creditor failing to do so will be excluded from the liquidation. In addition, a liquidator shall give peremptory notice demanding presentation of claims individually to each creditor known to the company, and such creditor shall not be excluded from the liquidation, even if he/she has failed to present his/her claim.

07. Distribution of Surplus Assets

Surplus assets shall be distributed to shareholders in proportion to the number of shares held by each shareholder.

08. Completion of Liquidation

When liquidation-related affairs have been completed, a liquidator shall without delay prepare a statement of the settlement of accounts and submit it to a general meeting of shareholders for approval.

09. Registration of Completion of Liquidation

After the completion of liquidation, a liquidator shall register the completion of liquidation upon the approval of a general meeting of shareholders within two weeks for the main branch, within three weeks for the other branches.

Cancellation of Authorization and Permission

Where registration of business, report of business, and authorization and permission of business are acquired by type of established business, business closure must be reported. The managing authority is a borough office of Si/Gun/Gu/Special self-governing province, local community health center in jurisdiction, and local ministry of food and drug safety where the authorization and permission has been initially issued.

Cancellation of Business Registration

When a business operator closes the registered business, the operator shall submit the declaration of business closure, without delay, to the head of the tax office (submission acceptable through the national tax information network).

Cancellation of Foreign-Invested Company Registration

When a foreign-invested company closes its business, foreign-invested company registration shall be cancelled. The delegated agency shall issue the confirmation of cancellation of foreign-invested company registration after completion of cancellation.

Overseas Remittance

Collection of surplus equity for investment and overseas remittance are guaranteed by the Article 3 (1) of the Foreign Investment Promotion Act and the Article 6 (4) of the Foreign Exchange Transactions Act.

★ REQUIREMENTS

Registration of Completion of Liquidation

Registration of liquidation: Internet register office www.iros.go.kr ▶ Library ▶ Registration application form ▶ Corporate registration ▶ Search (Liquidation for stock company, Liquidation for limited company)

※ **Contact: Officer in charge of corporate registration in Supreme Court Register Office**
1544-0773→2→3

Cancellation of Business Registration

- Report on business suspension or closure
(Form no. 9 of the Enforcement Rule of the Value Added Tax ; Report on business suspension or closure)
- Original copy of business license, incorporation registration of dissolution or liquidation, representative's identification card

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

※ **Contact: Officer in charge of VAT at the National Tax Service 126→2→2**

Cancellation of Foreign-Invested Company Registration

- A copy of application of foreign-invested company registration
(Attached form No. 17 of Enforcement Decree of the Foreign Investment Promotion Act: Application of foreign-invested company registration)
- Confirmation of business closure, certificate of all matters of incorporation registration (Liquidation completed)
- Original copy of registration of foreign-invested company to be returned

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

Overseas Remittance

- Confirmation of cancellation of foreign-invested company registration
(Attached form No. 18-2 in the Enforcement Decree of the Foreign Investment Promotion Act)
- Liquidation report certified by the CPA / Certification of tax payment
(issued by the tax office in jurisdiction)
- Local tax clearance certification (issued by borough office of Si/Gun/Gu) / Certificate of deposit / Certificate of all matters of incorporation registration (Liquidation completed)
- Liquidator's certificate of seal or corporate certificate of seal

* Where an agent files an application : Power of attorney and the agent's identification (ID card)



The establishment process of an individual business whose business entity is an individual is the same as the process of a corporation established by shareholders with capital excluding the step of incorporation registration.

However, it is different from a corporation in regard to the method of taxation, accounting and financial management, and the D-8-3 or D-9 visa which allows the business owner to stay in Korea. When the business is discontinued, it is possible to transfer the surplus assets to a home country after a procedure of cancellation of authorization and permission, business registration, and alien registration.

04

INDIVIDUAL
BUSINESS

Individual Business

-
- Individual business
 - Acquisition of real estate

Individual business

- Difference between Individual and Corporate Business Operators
- Establishment Procedures
- Taxation
- Visa
- Process of Business Closure

Difference between Individual and Corporate Business Operators

If an individual business switches to a stock company, it may work to an advantage in terms of tax savings. Individual businesses with a low tax base according to the tax rate table have an advantage on tax payment, although if the tax base is above a certain amount, a corporation has an advantage.

◆ Differences between Individual Business and Corporate Business

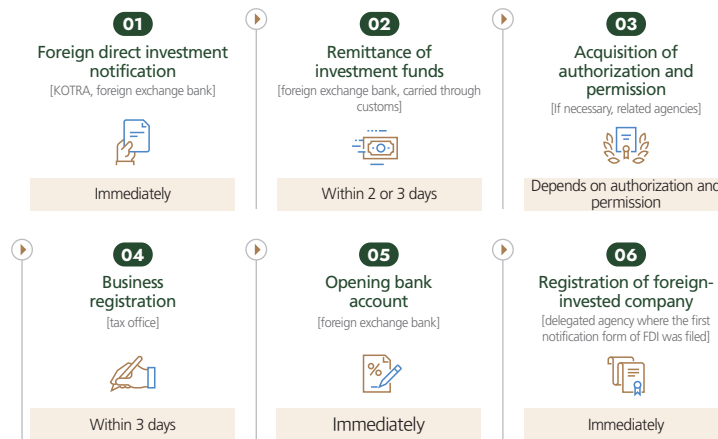
	Individual Business		Corporate Business
01 Applicable law	Income Tax Act	↔	Corporate Tax Act
02 Taxable income	Income tax is imposed on the income listed in the Income Tax Act.	↔	Income tax is imposed on the whole amount of increased net assets in the relevant business year.
03 Obligation of tax payment	Only for the income in the relevant year	↔	For business income and liquidated income of each business year
04 Tax rate	6~45%	↔	10~25%
05 Fiscal year	The taxable period is determined so that tax for income from January 1 to December 31 of each year can be paid pursuant to the Income Tax Act.	↔	The business year can be decided arbitrarily by the article of association.
06 Obligation of book-keeping	Only individual companies of certain size or larger are obligated to prepare a financial statement.	↔	Every corporation is obligated to prepare a financial statement.
07 Subject of rights and obligations	A business operator is the subject of its rights and obligations. The business can be attributed to the operator's income but he/she becomes a directly involved party to a default, etc. and assumes unlimited liability.	↔	The responsibility of investors is limited to the amount of their contributions except in cases where there are other provisions in the Commercial Act.
08 Use of Property	Profits earned from business belong to the business owner.	↔	Profits earned from business primarily belong to the corporation.

Establishment Procedures

Comparison of the Process of Establishment in Individual Business and Corporation

A corporation assumes corporate personality through incorporation registration in the registration office in the relevant jurisdiction and via business registration in the tax office in jurisdiction. An individual business can commence business by applying for business registration at the relevant tax office **without business registration**.

Flow Chart of Foreign Investment for Individual Businesses



01. Notification of Foreign Direct Investment

A foreign investor is required to file pre-notification of FDI to KOTRA (KOTRA's Investment Consulting Center or its overseas investment hub offices) or delegated agencies (headquarter or branch of a foreign exchange bank).

★ REQUIREMENTS

Foreign Direct Investment Notification

[In case of equity investment]

- **2 copies of the notification form** (Enforcement Rules of the Foreign Investment Promotion Act, attached form no.1: Application for Notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- **Foreign investor's certificate of nationality** (Individual: Passport)

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

[In case of long-term loan]

- **2 copies of the notification form** (Enforcement Rules of the Foreign Investment Promotion Act, Attached Form 2: Notification of foreign investment in the form of a long-term loan)
- **Foreign investor(loan provider)'s certificate of nationality**
- **Copy of the loan contract** (the lender: the investor him/herself)

[In case of non-cash investments]

- **Documents certifying object of investment** (e.g., price evaluation certificate documents on industrial property rights, etc.)
- * Where an agent files an application : Power of attorney and the agent's identification (ID card)

02. Remittance of Investment Fund

A foreign investor may remit investment funds by wire transfer to the temporary account of a foreign exchange bank in Korea or hand-carry the foreign currency through customs directly. In the latter case, the investor should declare the funds at the customs office and receive a certificate of declaration of foreign currency.



INFORMATION

Opening of temporary account

A temporary account may be opened at a local bank by submitting a document certifying the nationality of the foreign investor (document certifying the existence of a corporation or passport issued by the country of the foreign investor). However, the required documents may differ by each bank. The investment fund must be remitted with foreign currency and the purpose of remittance must be stated as 'investment.'

03. Authorization and Permission

Where necessary for business, a foreign investor must acquire authorization and permission from the competent authorities, such as a district office, regional health center, and the Ministry of Food and Drug Safety. The processing period may change depending on the sort of authorization and permission for the type of business.

IN DETAIL

Examples of the Type of Businesses that Need Authorization and Permission

Cosmetics manufacturing, sales and import of cosmetics, food manufacturing, sales of medical equipment, medical equipment manufacturing, sales and import of medical equipment, mail-order sales (including E-commerce), restaurant, accommodation, sales of health food, sales and import of health food, travel, attraction of international patients, import of liquor, small-scale manufacturing of beer, job placement, currency exchange, etc.

04. Business Registration

Every tax office accepts business registration regardless of the jurisdiction, with total processes taking three days.

★ REQUIREMENTS

Business Registration

- **Application Form** (Enforcement of Rules of Value Added Tax attached form no. 4: Application of business registration), **lease contract**, **foreign currency purchase certificate**, **copy of passport**, **foreign investment notification form**, **certificate of authorization and permission**, etc.

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

05. Opening a Business Bank Account

A foreign investor may open a business account from a foreign exchange bank. An account can be opened immediately, but it needs careful consideration to choose the bank since opening an additional account at another bank is restricted for twenty business days.

06. Registration of Foreign-Invested Company

Registration of foreign-invested company is required as the last step of foreign investment, and an application shall be filed to KOTRA or a foreign exchange bank where the notification was made at first. The registration should be completed within sixty days of the business registration.



INFORMATION

Contact

- Business registration: Officer in charge of value added tax in the National Tax Service 126->2->2
- Notification and registration of FDI: KOTRA 1600-7119

★ REQUIREMENTS

Opening a Business Bank Account

- Copy of business license, seal of the representative of the business, copy of representative's identification (ID card)

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

Registration of Foreign-Invested Company

- Application form (Enforcement Rules of the Foreign Investment Promotion Act, attached form no. 17: Application form for foreign-invested company registration)

- Foreign currency purchase certificate, copy of business license

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

Taxation

01. Taxpayer and Taxable Income

Individuals shall file and pay tax on his/her global income, retirement income, and capital gains according to the Income Tax Act. Global income is reported and paid for the sum of interest income, dividend income, business income, wage and salary income, pension income and other income.

02. Business Year

The taxable period of income tax shall be one year, from January 1 to December 31.

03. Due Date of Report

Income from January 1 to December 31 should be reported from May 1 to 31 of the following year. Compliant business operators can file from June 1 to 30.

04. Tax Rate

The following tax rate is applied to global income and retirement income, while a separate tax rate is applied to capital gains depending on the type of asset and the period of possession.

Tax Base	Tax Rate
KRW 12 million or less	6% of the tax base
More than KRW 12 million not exceeding KRW 46 million	KRW 720,000 + (15% of exceeded amount of KRW 12 million)
More than KRW 46 million not exceeding KRW 88 million	KRW 5.82 million + (24% of exceeded amount of KRW 46 million)
More than KRW 88 million not exceeding KRW 150 million	KRW 15.9 million + (35% of exceeded amount of KRW 88 million)
More than KRW 150 million not exceeding KRW 300 million	KRW 37.6 million + (38% of exceeded amount of KRW 150 million)
More than KRW 300 million not exceeding KRW 500 million	KRW 94.6 million + (40% of exceeded amount of KRW 300 million)
More than KRW 500 million not exceeding KRW 1 billion	KRW 174.6 million + (42% of exceeded amount of KRW 500 million)

* When exceeding KRW 1 billion, the tax rate would be KRW 384.6 million + (45% of exceeded KRW 1 billion)
→ Local tax (10% of the income tax) should be paid as well.

Visa

A foreign investor who is an individual business owner can obtain International Trade (D-9) and Individual Enterprise (D-8-3) visas.

01. International Trade (D-9)

This visa is for foreigners who manage, trade and run commercial business.

- For an individual business owner who has introduced foreign capital at least 300 million according to the Foreign Exchange Transactions Act, and registered business license.
- For an individual business owner who has introduced foreign capital at least 300 million according to the Foreign Investment Promotion Act, and obtained certificate of foreign-invested company registration.

★ REQUIREMENTS

Change of Status of Sojourn and Alien Registration

- ① **Application form** (Attached form no. 34 of the Enforcement Rules of the Immigration Act)
- ② **Passport, color passport photo**
- ③ **Certificate of tuberculosis examination in the case of nationals of countries with high incidence of tuberculosis** (confirmation issued by the local community health center)
(List of the country with high incidence of tuberculosis) Nepal, East Timor, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos
- ④ **Copy of certificate of foreign-invested company registration**
- ⑤ **Copy of business license**
- ⑥ **Document certifying the place of residence** (including real estate lease contract)
- ⑦ **Office lease contract**
- ⑧ **Certificate of introduction of investment fund;**
 - Permission (or declaration) to carry out foreign currency issued by the tax office or bank of the investor's home country (if applicable)
 - Incoming remittance details (if transferred) or customs declaration (if carried out)
 - Certificate of foreign exchange purchased
- ⑨ **Certifications of sales** (including results of import and export, if sales existed);
 - Certification of completion of export declaration (import and export permit), certificate of VAT tax base
 - Tax clearance certificate (VAT and income tax)
 - Tax invoice
- ⑩ **Bank account and a copy of its details of transaction**
- ⑪ **Document certifying expenditure of capital**
 - Receipt for purchase of goods
 - Office interior design expense, etc.
 - Withdrawal and deposit records of bank account in Korea
- ⑫ **A color photo of office** (photo of building, office space, signage, etc.)
- ⑬ **Document certifying business experience in the relevant industry or field from home country** (if necessary)

※ More or fewer documents may be required according to types of business and investment.

02. Unincorporated Enterprise (D-8-3)

The eligible applicant is an indispensable specialist who plans to engage in the field of manufacturing, technology or management, administration of a foreign-invested company run by a Korean national. The applicant should invest at least KRW 100 million in the company run by a Korean national, own at least 10 percent of the total investment amount, and be registered as co-representative with the Korean national on the business registration certificate. In addition, the capital invested by a Korean co-representative should also be at least KRW 100 million.

IN DETAIL

Requirements for Issuance

- Persons employed in Korea are not included
- The person should be registered as a co-representative with a Korean national on the business registration certificate
- Capital invested by Korean co-representative should be at least KRW 100 million

★ REQUIREMENTS

Unincorporated Enterprise

- ① **Application form** (form no. 34 of the Enforcement Rules of the Immigration Act)
- ② **Passport, color passport photo**
- ③ **Certificate of tuberculosis examination** (confirmation issued by the local community health center) **in the case of nationals of countries with high incidence of tuberculosis**
- ④ **Copy of certificate of foreign-invested company registration**
- ⑤ **Copy of business license**
- ⑥ **Original copy of contract of joint business**
- ⑦ **Document certifying the business fund from Korean co-operator**
- ⑧ **Document certifying the place of residence** (including real estate lease contract)
- ⑨ **Copy of office lease contract**
- ⑩ **Document certifying introduction of investment funds;**
 - Permission (or declaration) to carry out foreign currency issued by the tax office or bank of the investor's home country
 - Incoming remittance details (if transferred) or customs declaration (if carried in)
 - Certificate of purchasing of foreign currency
- ⑪ **Document certifying sales record** (results of import and export, etc. if sales existed)
 - Certificate of completion of export declaration (import and export permit), certificate of value added tax
- ⑫ **Copy of bank account with business dealings**
- ⑬ **Documents certifying expenditure of capital**
 - Purchase receipt for goods
 - Office interior design expense, etc.
 - Withdrawal and deposit records of incorporate bank book
- ⑭ **Photograph** (facade of building, office space, signboard of the company, etc.)
- ⑮ **Document certifying business experience in the relevant industry or field** (if necessary)

※ More or fewer documents may be required according to type of business and investment.

Process of Business Closure

01. Cancellation of Authorization and Permission

When a foreign-invested company closes or suspends business, the surplus assets can be transferred to the home country through cancellation of authorization and permission, business registration, and foreign-invested company registration.

Where registration of business, report of business, and authorization and permission of business are acquired by type of established business, business closure must be reported. The managing authority is a borough office of Si/Gun/Gu/Special self-governing province, local community health center in jurisdiction, and local ministry of food and drug safety where the authorization and permission has been initially issued.

02. Cancellation of Business Registration

When a business operator closes the registered business, the operator shall submit the declaration of business closure, without delay, to the head of the tax office (submission acceptable through national tax information network).

03. Cancellation of Foreign-Invested Company Registration

When a foreign-invested company closes its business, the foreign-invested company registration shall be cancelled. The delegated agency shall issue the confirmation of cancellation of foreign-invested company registration after completion of cancellation.

※ Refer to the [Dissolution and Liquidation \(p.190\)](#) for required documents when cancellation of Foreign-Invested Company registration.

04. Overseas Remittance

Collection of the surplus equity for investment and overseas remittance are guaranteed by the Foreign Investment Promotion Act.

★ REQUIREMENTS

Cancellation of Business Registration

- **Report of business suspension or closure** ((Attached Form no. 9 of the Enforcement Rules of the Value Added Tax Act; Report on business suspension or closure)
- **Original copy of business license / CEO's ID card**
→ Ministry of Government Legislation ▶ Value Added Tax Act ▶ Attached Form no. 9 of the Enforcement Rules of the Value Added Tax Act; Report on business suspension or closure
- * Where an agent files an application: Power of attorney and the agent's identification (ID card)
 ※ **Contact: Officer in charge of VAT in the National Tax Service (126-2-2)**

Overseas Remittance

- **Confirmation of cancellation of foreign-invested company registration / Liquidation report certified by the CPA / Certificate of tax payment** (issued by the tax office in jurisdiction) / **Local tax clearance certification** (issued by borough office of Si/Gun/Gu) / **Certificate of deposit**
- * Where an agent requests remittance: Power of attorney and the agent's identification (ID card)

Individual Business

PART 2

Acquisition of real estate

- Acquisition Procedure and Required Documents
- Remittance of Real Estate Transaction Funds

Real estate acquisition by foreigners in Korea is governed by the Act on Report of Real Estate Transactions, Etc., the Foreign Investment Promotion Act, the Foreign Exchange Transactions Act, etc. With the exception of certain land that requires government permission, a foreigner may acquire real estate in Korea by reporting and the procedure, regulation and restriction on the acquisition shall not be different from those applied to a Korean national. In principle, the acquisition procedure includes a contract, payment, report and registration, but in the case of a foreign-invested company acquiring real estate, it differs from other procedures of acquisition by foreigners because notification of foreign investment and registration of a foreign-invested company is required. The payable amount for acquisition of real estate after due process shall be free to be remitted overseas. Taxes for acquisition of real estate includes acquisition tax, property tax, and comprehensive real estate tax.

◆ Related Laws

	Act on Report of Real Estate Transactions, Etc.	Foreign Investment Promotion Act	Foreign Exchange Transactions Act
Applicable parties	Foreign individuals, foreign corporations, domestic corporations with foreign shareholdings of 50 percent or more, foreign governments, international organizations, etc.	Foreign individuals, foreign corporations, permanent residents, international organizations for economic cooperation, etc.	Non-residents
Key regulations	Real estate acquisition notification: In the case of acquisition of domestic real estate by a foreigner	Foreign investment notification: In the case of a foreign investor's acquisition of domestic real estate through a foreign-invested company	Property acquisition notification: In the case of non-residents' acquisition of rights related to domestic real estate (right to lease on a deposit basis, mortgage, etc.)
Where to report	Si/Gun/Gu office having jurisdiction over the land	Foreign exchange bank, KOTRA	Foreign exchange bank
Reporting period	Within 60 days of concluding a contract	Prior to bringing in investment funds	When withdrawing real estate acquisition funds
Governing authority	The Ministry of Land, Infrastructure and Transport	The Ministry of Trade, Industry and Energy	The Ministry of Economy and Finance

Acquisition Procedure and Required Documents

01. Foreign-Invested Company

The Act on Report on Real Estate Transactions, Etc., the Foreign Investment Promotion Act, and the Registration of Real Estate Act shall be applied when a foreign-invested company acquires real estate to engage in profit-making activities in Korea.



- ① Notify and register the foreign investment at the head or branch office of a foreign exchange bank or KOTRA.
- ② Make a payment after conclusion of real estate acquisition contract.
- ③ Report the land acquisition at the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be within 60 days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ④ Register a transfer of ownership at the competent registry office within sixty days of the contract conclusion date or balance payment date.

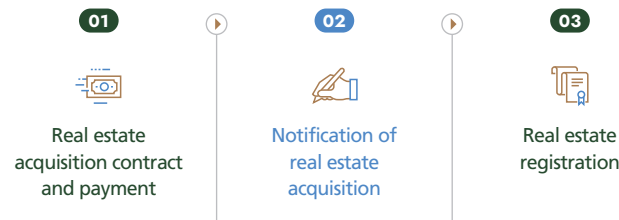
★ REQUIREMENTS

- Certified copy of branch office registration, an application for registration, documents certifying reasons for registration (approved contract, etc.), a registration certificate, and a certified copy of real estate registration.

* A power of attorney and an agent's ID card is required additionally in case of application by an agent

02. Resident Foreigners: Foreigners, Domestic Branches of a Foreign Corporation

The Act on Report of Real Estate Transactions, etc., and Registration of Real Estate Act shall be applied when a resident foreigner acquires real estate in Korea.



- ① Make a payment after conclusion of the real estate acquisition contract.
- ② Report the land acquisition at the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be made within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ③ Register transfer of ownership at the competent registry office within sixty days of concluding contract or from the balance payment date.

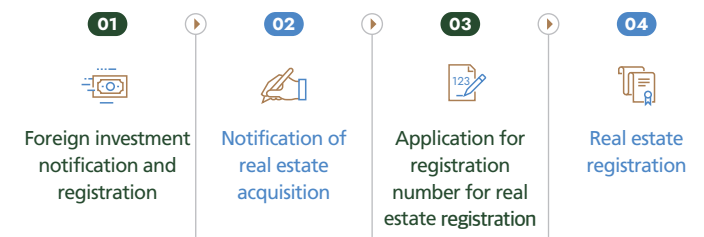
★ REQUIREMENTS

- **Certified copy of branch office registration** (individual: copy of alien registration card), **an application for registration**, **documents certifying reasons for registration** (approved contract, etc.), **a registration certificate**, and **a certified copy of real estate registration**.

* A power of attorney and an agent's ID card is required additionally in case of application by an agent.

03. Non-Resident Foreigners

The Foreign Exchange Transaction Act, the Act on Report of Real Estate Transactions, etc., and the Registration of Real Estate Act shall be applied when a non-resident foreigner acquires real estate in Korea.



- ① Conclude the real estate acquisition contract.
- ② Make the payment for the real estate.
- ③ Notify the real estate acquisition to the head or branch office of a foreign exchange bank according to the Foreign Exchange Transactions Act when withdrawing real estate acquisition funds. Required documents are the real estate acquisition contract, real estate appraisal report or publicly notified land price certificate, and certified copy of real estate registration. The acquisition of rights to real estate (real right, right to lease, etc.) should be notified, as well, while the notification of acquisition of rights is required for further overseas remittance of the gains on disposal of the real estate.
- ④ Notify the real estate acquisition to the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ⑤ A registration number shall be assigned by the head of a local immigration office having jurisdiction over his/her place of residence (if he/she has no place of residence in Korea, the seat of the Supreme Court shall be deemed his/her place of residence). Required documents for individuals are certified copy of land acquisition report and copy of passport; besides the documents for corporations are certification of completion of land acquisition notification, corporate registration certificate and documents certifying the company's representatives and their addresses issued by authorities in the home country, etc. A power of attorney and an agent's ID card is required additionally in case of application by an agent. A registration of transfer of ownership shall be accepted at the competent registry office within sixty days of concluding the contract or from the balance payment date.

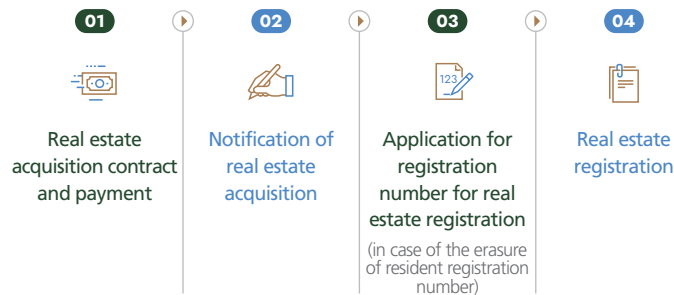
★ REQUIREMENTS

- **Copy of corporate registration** (individual: copy of alien registration card), **an application for registration**, **documents certifying reasons for registration** (approved contract, etc.), **a registration certificate**, and **a certified copy of real estate registration**.

* A power of attorney and an agent's ID card is required additionally in case of application by an agent.

04. Permanent Residents

Permanent residents hold the nationality of the Republic of Korea and are treated equally as Korean nationals regardless of whether he/she resides in Korea. The Foreign Exchange Transaction Act, the Act on Report on Real Estate Transactions, Etc. and the Registration of Real Estate Act shall be applied when a permanent resident acquires real estate in Korea.



- ① Make a payment after conclusion of the real estate acquisition contract.
- ② Report the land acquisition to the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be made within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ③ If the resident registration number has been cancelled, it is acceptable to make an application for registration with the registration number for real estate registration through the Seoul District Court. The required documents are the certificate of address*, certificate of residence or overseas Korean national registration card.
- ④ Register transfer of ownership at the competent registry office within sixty days of concluding the contract or from the balance payment date.

* Certificate of address: Certificate of overseas residency issued by a diplomatic mission abroad

★ REQUIREMENTS

- **Certified copy of branch office registration** (individuals: copy of alien registration card), **application for registration, documents certifying reasons for registration** (approved contract, etc.), **registration certificate, certified copy of real estate registration.**

* A power of attorney and an agent's ID card is required additionally in case of application by the agent.

Remittance of Real Estate Transaction Funds

01. Foreign-Invested Company

A foreign-invested company may remit funds only in the name of capital reductions, dividends or liquidated funds. A domestic branch may remit the funds as operating revenue or liquidated funds.

02. Resident Foreigner

Funds carried in or remitted from abroad require a notification to the head of a foreign exchange bank with documents certifying payment attached. However, the purchase of real estate from funds generated domestically requires a notification to the governor of the Bank of Korea.

03. Non-Resident Foreigner

Overseas remittance of gains from disposal of real estate is available with the notification documents for acquisition. However, if real estate acquisition had not been notified, notification should be made to the governor of the Bank of Korea.

**Frequently
Asked
Question
&
Answer****Q 01 Is a foreigner eligible for protection under the Housing Lease Protection Act?**

Even though it is not registered, if the lessee is provided with a house and completes resident registration, the lease shall take effect against any third person from the following day thereof. In such cases, the resident registration shall be deemed made at the time of reporting move-in. There is a Supreme Court decision that a foreigner can be protected in the same way as Korean nationals; it is said if a foreigner files for alien registration and change of status of sojourn, it shall be deemed as a resident registration and report of move-in according to the Resident Registration Act.

Q 02 Is it possible for a foreigner who is not residing in Korea with no alien registration to purchase vacation facilities in Korea and transfer ownership registration?

It is possible. In the case of foreigners without a place of residence in Korea, it is deemed that the foreigner has his/her residence at the location of the Supreme Court, and thus it is possible to apply for a registration number to the head of a local immigration office or regional immigration service in the jurisdiction of the Supreme Court.

Q 03 As a foreign-invested company with a foreign investment ratio of 40%, our company acquired 10,000 m² of land last year but didn't notify real estate acquisition by a foreigner. However, the company became a foreign-invested company with a foreign investment ratio of 100% by taking over all of the shares from the Korean partner this year. Does this result in a separate reporting obligation?

According to the Act on Report on Real Estate Transactions, Etc., when a corporation which possesses any real estate, etc., within the territory of the Republic of Korea and was incorporated under the statutes of the Republic of Korea changes nationality, and if the relevant foreigner intends to possess the relevant real estate continuously, the foreigner shall file a report thereon with the report-receiving authority within six months from the date of change to the foreigner. It also should be reported when a national of the Republic of Korea who possesses any real estate changes his/her nationality, regardless of acquisition of real estate.



Appendix

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- [Appendix 1] Business Excluded from Foreign Investment (pursuant to Article 4)
 - [Appendix 2] Business with Restrictive Foreign Investment and Criteria for Permission (pursuant to Article 5)
 - [Appendix 3] Local Tax Rate
 - [Appendix 4] List of Delegated Agencies
 - [Appendix 5] List of Law Firms
 - [Appendix 6] List of Accounting and Tax Accounting Firms

[Appendix 1] Businesses Excluded from Foreign Investment (pursuant to Article 4)

Category	Line of Business	Ministry in Charge
61100	Mail business	Ministry of Science and ICT
64110	Central bank	Ministry of Strategy and Finance
64912	Development and Financial Institutions ※ The Korea Development Bank and the Export-Import Bank of Korea under special Acts	Ministry of Strategy and Finance Financial Services Commission
65301	Private mutual aid business	Competent Ministry
65302	Industrial mutual aid business	Competent Ministry
65303	Pension business	Competent Ministry
66110	Financial market management business	Financial Services Commission
66199	Other financial support service business ※ Other financial support service business, other than financial instrument exchange service, such as promissory note exchange business, is eligible for foreign investment.	Ministry of Strategy and Finance Financial Services Commission
84111	Law making organ	-
84112	Central supreme executive organ	-
84114	Financial and economic policy administration	Competent Ministry
84119	Other general public administration	Ministry of the Interior and Safety
84120	General administrative assistance in government agencies	Ministry of the Interior and Safety
84211	Educational administration	Ministry of Education
84212	Cultural and tourism administration	Ministry of Culture, Sports and Tourism
84213	Environmental administration	Ministry of Environment
84214	Health and welfare administration	Ministry of Health and Welfare
84219	Other social service management administration	Competent Ministry
84221	Labor administration	Ministry of Employment and Labor
84222	Agricultural, forestry and fisheries administration	Ministry of Agriculture, Food and Rural Affairs, Ministry of Oceans and Fisheries
84223	Construction and transportation administration	Ministry of Land, Infrastructure and Transport, Ministry of Oceans and Fisheries
84224	Correspondence administration	Ministry of Science and ICT
84229	Administration promoting other industries	Ministry of Trade, Industry and Energy
84310	Diplomatic administration	Ministry of Foreign Affairs
84320	National defense administration	Ministry of National Defense
84401	Court	-
84402	Prosecution	Ministry of Justice
84403	Correctional institutions ※ Privately-managed correctional institutions are eligible for foreign investment as the Act on the Establishment and Operation of Private Correctional Institutions, etc. entered into force in July 2001.	Ministry of Justice
84404	Police	Ministry of the Interior and Safety
84405	Fire stations	Ministry of the Interior and Safety

Category	Line of Business	Ministry in Charge
84409	Other judicial and public order administration	Competent Ministry
84500	Social security administration	Ministry of Health and Welfare
85110	Child education institutes	Ministry of Education
85120	Elementary schools	Ministry of Education
85211	Middle schools	Ministry of Education
85212	General high schools	Ministry of Education
85221	Commercial high schools and information industry high schools	Ministry of Education
85222	Technical high schools	Ministry of Education
85229	Other technical high schools and vocational high schools	Ministry of Education
85301	Junior colleges	Ministry of Education
85302	Universities and colleges	Ministry of Education
85303	Graduate schools	Ministry of Education
85410	Special-education schools	Ministry of Education
85630	Social education facilities ※ Lifelong education facilities (in the form of distance education, facilities affiliated with a business place, civil society organizations, schools, or mass media organizations, or facilities related to knowledge and human resource development business) for adults, the purpose of which is not to recognize scholarship or grant a diploma, is eligible for foreign investment.	Ministry of Education
85699	Other unclassified educational institutions ※ Private teaching institutes under the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons among other unclassified educational institutions are eligible for foreign investment.	Ministry of Education
90131	Performing artists	Ministry of Culture, Sports and Tourism
90132	Non-performing artists	Ministry of Culture, Sports and Tourism
94110	Industrial organizations	Competent Ministry
94120	Professional organizations	Competent Ministry
94200	Labor unions	Ministry of Employment and Labor
94911	Buddhist organizations	Ministry of Culture, Sports and Tourism
94912	Christian organizations	Ministry of Culture, Sports and Tourism
94913	Catholic organizations	Ministry of Culture, Sports and Tourism
94914	Ethnic religious organizations	Ministry of Culture, Sports and Tourism
94919	Other religious organizations	Ministry of Culture, Sports and Tourism
94920	Political organizations	-
94931	Environmental movement organizations	Ministry of Environment
94939	Other citizen campaign organizations	Competent Ministry
94990	Other associations and organizations	Competent Ministry
99001	Foreign diplomatic missions in Korea	Ministry of Foreign Affairs
99009	Other international and foreign institutions	Ministry of Foreign Affairs

[Appendix 2] Business with Restrictive Foreign Investment and Criteria for Permission (pursuant to Article 5)

Category	Type of Business	Criteria for Permission	Ministry in Charge
01110	Grains and other food crop growing business	Permitted, except for cultivation of rice and barley.	Ministry of Agriculture, Food and Rural Affairs
01212	Beef cattle raising business	Permitted if foreign investment ratio is below 50%.	Ministry of Agriculture, Food and Rural Affairs
20129	Other basic inorganic chemical manufacturing business	Permitted, except for business of manufacturing and supplying fuel for nuclear power generation.	Ministry of Trade, Industry and Energy
24219	Other nonferrous metal smelting and refining business and alloy manufacturing business	Same criteria as for permission of other basic inorganic chemical manufacturing business.	Ministry of Trade, Industry and Energy
35111	Nuclear power generation business	<Not opened >	Ministry of Trade, Industry and Energy
35112	Hydroelectric power generation business	Total generation units to be purchased by foreigners from Korea Electric Power Corporation shall not exceed 30% of total domestic generation units. ※ Permitted only in case of Korea Electric Power Corporation (including the affiliated company) purchasing it.	Ministry of Trade, Industry and Energy
35113	Thermal power generation business		
35114	Solar power generation business		
35119	Other power generation business		
35120	Power transmission and distribution business	Permitted only in following cases: 1. Foreign investment ratio shall be below 50%; 2. Number of stocks with voting rights, etc. held by foreign investors shall be below that of the domestic largest stockholder.	Ministry of Trade, Industry and Energy
35130	Electric sales business	※ Only electric sales business in accordance with Electric Utility Act is permitted.	
38240	Business of collecting transporting and disposing of radioactive wastes	Permitted except for radioactive waste management business prescribed in Article 9 of the Radioactive Waste Management Act.	Ministry of Trade, Industry and Energy
46313	Meat wholesale business	Permitted if foreign investment ratio is below 50%.	Ministry of Agriculture, Food and Rural Affairs
50121	Coast-wise passenger transport business	Permitted if all of the following requirements are met: 1. Permissible objects: passenger or cargo transport between North and South Korea; 2. The business shall be performed jointly with a shipping company of the Republic of Korea; 3. Foreign investment ratio shall be less than 50%.	Ministry of Oceans and Fisheries
50122	Coast-wise cargo transport business	Same criteria as for permission of coast-wise passenger transport business.	Ministry of Oceans and Fisheries
51	International air transport business	Permitted if foreign investment ratio is below 50%	Ministry of Land, Infrastructure and Transport
51	Domestic air transport business		
51	Small-scale air transport business		
58121	Newspaper publishing business	Permitted if foreign investment ratio is below 50% (Permitted if, in cases of a daily newspaper, its foreign investment ratio is below 30%)	Ministry of Land, Infrastructure and Transport
58122	Magazine and Periodical publishing business	Permitted if foreign investment ratio is below 50%.	Ministry of Land, Infrastructure and Transport
60100	Radio broadcasting business	<Not opened >	Korea Communications Commission
60210	Terrestrial broadcasting business	<Not opened >	Korea Communications Commission

Category	Type of Business	Criteria for Permission	Ministry in Charge
60221	Program-providing business	Permitted if foreign investment ratio does not exceed 49% (Provided that a program provider engaged in general programming shall be permitted if foreign investment ratio does not exceed 20%, and a program provider engaged in specialized programming of news reports shall be permitted if foreign investment ratio does not exceed 10%). ※ Program providing business shall refer to the program providing business under the Broadcasting Act. ※ Provided that, in cases of program-providing business operators for internet multimedia broadcast services, exclusive of the persons who engage in general programming, specialized programming of new reports, or specialized programming of the introduction and sale of products, a corporation shall not be deemed as a fictitious corporation under Article 14 (1) 3 of the Broadcasting Act, the stocks or equity shares of which are owned by the government or an organization or national of the other partner state of the free trade agreement (the FTA between the Republic of Korea and the United States of America; the FTA between the Republic of Korea, of the One Part, and the European Union and its Member States, of the Other Part; the FTA between the Republic of Korea and Canada; and the FTA between the Republic of Korea and Australia) which is determined and publicly announced by the Minister of Science and ICT, among the free trade agreements in effect concluded, bilaterally or multilaterally, by the Republic of Korea with Foreign States. (refer to the text of the relevant free trade agreement for details)	Ministry of Science and ICT Korea Communications Commission
60222	Cable broadcasting business	CATV broadcasting business shall be permitted if foreign investment ratio is does not exceed 49% (Provided, That CATV relay broadcasting business shall be permitted if foreign investment ratio does not exceed 20%).	Ministry of Science and ICT
60229	Wire communication business	Permitted if foreign investment ratio does not exceed 49% (Provided, That an Internet multimedia broadcasting contents business operator engaged in general programming or specialized programming of news reports shall be permitted if foreign investment ratio does not exceed 20%). ※ Provided That, in cases of content business operators for internet multimedia broadcast services, exclusive of the persons who engage in general programming, specialized programming of new reports, or specialized programming of the introduction and sale of products, a corporation the stocks or equity shares of which is owned by the government or an organization or national of the other partner state of the free trade agreement (the FTA between the Republic of Korea and the United States of America; the FTA between the Republic of Korea, of the One Part, and the European Union and its Member States, of the Other Part; the FTA between the Republic of Korea and Canada; and the FTA between the Republic of Korea and Australia) which is determined and publicly announced by the Minister of Science and ICT, among the free trade agreements in effect concluded, bilaterally or multilaterally, by the Republic of Korea with Foreign States, shall not be deemed as a fictitious corporation under Article 9 (2) 3 of the Internet Multimedia Broadcast Services Act (refer to the text of the relevant free trade agreement for details)	Ministry of Science and ICT
61210	Radio communication and Satellite communication business	Permitted if the total stocks (limited to the stock with voting rights and including depositary receipts and other things equivalent to stocks with voting rights) held by foreign governments or foreigners (including foreign fictitious corporations) dose not exceed 49/100 of total issued stocks (Provided, That although no foreigner, etc. shall be allowed to become the largest stockholder of KT, permission shall be granted if he/ she holds less than 5/100 of total stocks). ※ Foreign fictitious corporation: A corporation whose largest stockholder is a foreign government or foreigner (including special persons concerned under Article 9 (1) 1 of the Financial Investment Services and Capital Markets Act) who holds more than 15/100 of the total issued stocks thereof. ※ Provided That, there shall not be deemed as a foreigner a corporation considered unlikely to impair public interests by the Minister of Science and ICT as a result of an examination on public benefits under Article 10 of the Telecommunications Business Act, which is a fictitious corporation of a national of other partner state of any free trade Agreement (the FTA between the Republic of Korea and the United States of America; the FTA between the Republic of Korea, of the One Part, and the European Union and its Member States, of the Other Part; the FTA between the Republic of Korea and Canada; and the FTA between the Republic of Korea and Australia) which is determined and publicly announced by the Minister of Science and ICT, among the free trade agreements in effect concluded, bilaterally or multilaterally, by the Republic of Korea with Foreign States. (refer to the text of the relevant free trade agreement for details)	Ministry of Science and ICT
61220	Radio communication and Satellite communication business	Same criteria as for permission of wire communication business	Ministry of Science and ICT
61299	Other electric communication business	Same criteria as for permission of wire communication business (Provided, That no restriction is imposed on value-added communication business.)	Ministry of Science and ICT
63910	News providing business	Permitted if foreign investment ratio is below 25%	Ministry of Culture, Sports and Tourism
64121	Domestic banks	Only permitted except for National Agricultural Cooperative Federation (Finance) and the National Federation of Fisheries Cooperatives (Finance) in accordance with Agricultural Cooperative Act.	Ministry of Agriculture, Food and Rural Affairs Ministry of Oceans and Fisheries Financial Services Commission

[Appendix3] Local Tax Rate

Taxes	Taxable object		Tax rate	
Acquisition tax	Acquisition of real estate, vehicles, etc.		General tax rate: 2.8%, 3.5%, 4.0%, etc. Acquisition for value (Houses): 1.0% ~ 3.0%, 4.0% (4 houses) Heavy-taxation rate : 2.8%, 4.4%, 8.0%, 8.4%, etc.	
Local consumption tax	Value Added Tax (National tax)		21% of the VAT payable amount Distribution of weights by region in the final consumption expenditure index by private sector	
Local income tax	Global income, Retirement income		6/1,000 ~ 42/1,000	
	Capital gains		6/1,000 ~ 42/1,000, 10/1,000~70/1,000	
	Corporate income		10/1,000 ~ 25/1,000	
Residence tax	Extraordinary collection		10/100 of the income tax	
	Per capita portion	Individual · Corporation	Individual (less than KRW 10 thousand), Corporation (less than KRW 50 thousand~500 thousand)	
	Pro rata property portion	Total floor area of a place of business (over 330m ²)	KRW 250 per 1m ²	
Automobile tax	Employee portion	Total amount of wages (Over 50 employees)	0.5% of the total amount of wages	
	Possession	Passenger automobiles	KRW 80~200 per 1cc /year	
		Automobiles for passengers and freight	KRW 2.5 thousand~ KRW 115 thousand	KRW 66 million~ KRW 157.5 thousand
Automobile tax	Driving	Traffic · energy · environment (National tax)	36% of traffic tax (flexible tax rate 26%, Sep 5, 2021)	
Tobacco consumption tax (cigarette, pipe)			KRW 1,007 per 20 cigarettes (1 carton)	
Leisure tax	Bycicle racing, rowing racing, horse racing, traditional bullfight		10% of betting tickets	
Local resource and facility tax	Certain facility	Buildings, ships	0.04~0.12% of the property amount	
	Certain resource	Underground water, water for power generation	KRW 20 per 1m ³ of underground water, KRW 2 per 10m ³ of water for power generation	
Local education tax	Acquisition tax, registration tax(register), leisure tax, residence tax per capita, property tax, automobile tax, tobacco consumption tax		20% (except for 20% of acquisition), 20%, 40%, 25%, 20%, 30%, 50%	
Property tax	Property tax	Buildings, houses, land, ships, airplanes	Houses: 0.1, 0.15, 0.25, 0.4% Buildings: 0.25% Comprehensive land: 0.2, 0.3, 0.5% Separation: 0.2, 0.3, 0.4% Divided: 0.07%~4%	
	Urban areas	Land, buildings, houses	0.14% of the tax base for land, etc. in accordance with the Article 110	
Registration and license tax	Registration	Real estate	Preservation (0.8%), Transfer (1.5%, 2.0%), Establishment (0.2%)	
		Ships	Preservation (0.02%), Others (KRW 15 thousand per each)	
		Automobiles	Registration of ownership (5% for nonbusiness use, 2% for small car)	
		Mechanical equipment	Registration of ownership (1%), Establishment (0.2%), Others (KRW 10 thousand)	
		Corporation registration	Profit making: Establishment (0.4%), Capital Increase (0.4%) Non-profit making: Establishment (0.2%), Investment increase (0.2%)	
	License	License for authorization and permission	KRW 4.5 thousand ~ KRW 67.5 thousand	

[Appendix4] List of Delegated Agencies

Custodian Bank	Department	Phone No.	ZIP	Address
Kyongnam Bank	International Business Dept.	055-290-8495	[51316]	(Kyongnam Bank, International Business Dept.) 642, 3-15-daero, Masanhoewon-gu, Changwon
Kwangju Bank	International Trade Business Office	062-239-6555	[61470]	(Kwangju Bank, International Trade Business Office) 225, Jebong-ro, Dong-gu, Gwangju
KB Kookmin Bank	FI Business Dept.	02-2073-8956	[07331]	(KB Kookmin Bank, FI Business Dept.) 11F, 26 International Finance Road 8-gil, Yeongdeungpo-gu, Seoul
Industrial Bank of Korea	Global Customer Team	02-2031-5630	[04538]	(Industrial Bank of Korea, Global Customer Team) 82, Eulji-ro, Jung-gu, Seoul
NH Bank	Remittance Service Team	02-2131-1611	[03142]	(NH Bank, Remittance Service Team) 14F, A-dong, 6, Yulgok-ro, Jongno-gu, Seoul
The Bank of New York Mellon Corporation	Corporate Trust	02-6137-0360	[07326]	(The Bank of New York Mellon Corporation) 29F, One IFC, 10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
Daegu Bank	International Business Dept.	053-740-2946	[42123]	(Daegu Bank, International Business Dept.) 2310, Dalgubeol-daero, Suseong-gu, Daegu
Deutsche Bank	Global Cash Operations	02-724-4281	[03180]	(Deutsche Bank) 18F, Youngpoong Bldg., (Seorin-dong) 41, Cheonggyecheon-ro, Jongno-gu, Seoul
DBS Bank	Customer Service Dept.	02-6322-2661	[04520]	(DBS Bank.) 18F, Seoul Finance Center, 136, Taeyeongno 1(il)-ga, Jung-gu, Seoul
Sumitomo Mitsui Banking Corporation	Overseas Remittance Group	02-6364-7262	[04539]	(Sumitomo Mitsui Banking Corporation) 12F, Mirae Asset Center 1, West Tower, 26, Eulji-ro 5-gil, Jung-gu, Seoul
Mizuho Corporate Bank	GCBS Team	02-3782-8690	[04520]	(Mizuho Corporate Bank Seoul Branch) 19F, 136, Sejong-daero, Jung-gu, Seoul
Landesbank Baden-Württemberg (LBBW)	Operation	02-6730-0142	[04520]	(Landesbank Baden-Württemberg) 14F, 136, Sejong-daero, Jung-gu, Seoul
Bank of America (BOA)	Corporate Support Dept.	02-788-1760	[04520]	(Bank of America) 27F, Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul
Busan Bank	International Business Dept.	051-661-4665	[48400]	(Busan Bank Headquarters, International Business Dept.) 15F, 30, Munhyeongeumyung-ro, Nam-gu, Busan
BNP Paribas	Cash and Loan	02-317-1929	[04631]	(BNP Paribas) 24F, State Tower Namsan, 100, Toegy-e-ro, Jung-gu, Seoul
Korea Development Bank	Trade Finance Dept.	02-787-7521	[07242]	(Korea Development Bank, Trade Finance Dept.) 14, Eunhaeng-ro, Yeongdeungpo-gu, Seoul
Societe Generale (SG)	Operations	02-2195-7820	[03155]	(Societe Generale) 23F, D Tower D1, 17, Jongro 3-gil, Jongno-gu, Seoul
Suhyup Bank	Global Banking Dept.	02-2240-2605	[05510]	(Suhyup Bank, Global Banking Dept.) 62, Ogeum-ro, Songpa-gu, Seoul

Custodian Bank	Department	Phone No.	ZIP	Address
Shinhan Bank	Foreign Exchange Investment Dept.	02-2151-2872	[04513]	(Shinhan Bank, Foreign Exchange Investment Dept.) 20, Sejong-daero 9-gil, Seoul
ING Bank	Settlements Dept.	02-317-1849	[04520]	(ING Bank) 11F, Seoul Finance Center, 136, Sejong-daero, Jungno-gu, Seoul
Yamaguchi Bank Ltd Busan Branch	Operation Team	051-462-3281	[48931]	(Yamaguchi Bank Ltd Pusan Branch) 4F, 63, Jungang-daero, Jung-gu, Busan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Remittance Dept.	02-399-6413	[03188]	(The Bank of Tokyo-Mitsubishi UFJ, Ltd., Seoul Branch.) 7F, Youngpoong Bldg, 41, Cheonggyecheon-ro, Jongno-gu, Seoul
Woori Bank	Seoul Global Investment Center	02-3789-1899	[06611]	(Woori Bank, Seoul Global Investment Center) 2F, Gangnam Kyobo Tower, 465, Gangnam-daero, Seocho-gu, Seoul
Jeonbuk Bank	International Banking Team	02-751-2489	[07327]	3F, JB Financial Group Bldg., 77, Yeouinaru-ro, Yeongdeungpo-gu, Seoul
JP Morgan Chase	TS Operation	02-758-5232	[04516]	(JP Morgan Chase, Seoul Branch) J.P. Morgan Plaza, 35, Seosomun-ro 11-gil, Jung-gu, Seoul
Jeju Bank	Treasury Office	064-720-0267	[63192]	90, Ohyeon-gil, Jeju-si, Jeju-do
China Construction Bank	Operations	02-6730-3611	[04538]	(China Construction Bank) 24, Myeong-dong 11-gil, Jung-gu, Seoul
Industrial and Commercial Bank of China Limited	Banking Dept.	02-3788-6617	[04514]	(Industrial and Commercial Bank of China Limited) 1F, Taepyeongno Bldg., 73, Sejong-daero, Jung-gu, Seoul
China Everbright Bank	Operations	02-3788-3790	[03188]	(China Everbright Bank) 23F Yeongpoong Bldg., 41 Cheonggyecheon-ro, Jongno-gu, Seoul
Bank of Communications	Accounting & Operating	02-2022-6837	[04523]	(Bank of Communications, Seoul Branch) 29, Eulji-ro, Jung-gu, Seoul
Bank of China	Banking Dept.	02-399-6699	[03188]	(Bank of China) 1F, 41, Cheonggyecheon-ro, Jongno-gu, Seoul
Credit Agricole Corporate & Investment Bank	Domestic Operations	02-3700-9632	[03154]	(Credit Agricole Corporate & Investment Bank) 21F, Kyobo Bldg., 1, Jong-ro, Jongno-gu, Seoul
Standard Chartered Bank	Cash operations	02-3702-3393	[03160]	(Standard Chartered Bank, Cash operations) 47, Jong-ro, Jongno-gu, Seoul
Citibank Korea	Jungang City Service Center	02-3455-2676	[04521]	(Citibank Korea) 24, Cheonggyecheon-ro, Jung-gu, Seoul
Australia and New Zealand Banking Group	Operations	02-3700-3143	[03154]	(Australia and New Zealand Banking Group) 22F, Kyobo Bldg., 1, Jong-ro, Jongno-gu, Seoul
The Hongkong and Shanghai Banking Corporation	SD Operations	02-2004-0100	[04511]	(The Hongkong and Shanghai Banking Corporation) 37, Chilpae-ro, Jung-gu, Seoul
KEB Hana Bank	Global Capital Transaction Center	02-2002-2325	[04538]	(KEB Hana Bank, Global Capital Transaction Center.) B1, 66, Eulji-ro, Jung-gu, Seoul

[Appendix5] List of Law firms

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Kim & Chang	Kyeongtaek Jeong	39 Sajikro-8-gil, Jongno-gu, Seoul	1,050	Kyeongyun Lee	Korean, English	Business M&A, corporate governance, management right disputes, banks, foreign direct investment, overseas legal services, fund investment, broadcasting, communications, corporate finance	02-3703-1181
				Jino Kim		Foreign investment, business M&A, fair trading, agency and franchise, corporate governance, international disputes, services for EU businesses (France, Germany, etc.)	02-3703-1261
				Yeongmin Lee		Fund investment, business M&A, real properties, corporate governance, management right disputes, fair trading, Europe, Germany, corporate finance, foreign direct investment	02-3703-1406
				Hyosang Kim		Fair trading, business M&A, real properties, Germany, broadcasting, communications, business restructuring, foreign direct investment, games, resorts, entertainment	02-3703-1409
				Sangho Park		Energy, business M&A, project financing, financing, overseas legal services, foreign direct investment	02-3703-1747
				Rune Lee		Business M&A, corporate governance, management right disputes, capital market, corporate finance, foreign direct investment	02-3703-1956
				Yeomin Yun	Korean, English, Japanese	Japan, fair trading, business M&A	02-3703-1766
				Jeongjun Park	Korean, English, German, French	Business M&A, foreign direct investment, real properties, construction, HR, labor, Germany, Europe	02-3703-1153
				Wontak Choi	Korean, English, Chinese	China, foreign direct investment, business M&A, HR, labor	02-3703-1925
				Seonghun Cheon	English, Vietnamese	Vietnam Embassy, Translation notarization, immigration, government administration, visa service, investment counseling, incorporation, advice, counseling, legal consultation, family, civil and criminal cases	02-725-3003
Neulpum	Seonghun Cheon	2nd floor, 104 Banpodae-ro, Seocho-gu, Seoul	8	Yujin Kim			
				Seungwook Lee	English	General in foreign investment and incorporation	
Daeho	Donghyeon Seok, Suhan Choi	6th floor, 191 Teheran-ro, Gangnam-gu, Seoul	18	Donghyeon Seok	English, Chinese	Visa and immigration related counseling	02-568-5200

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address				
Daeho	Donghyeon Seok, Suhan Choi	6th floor, 191 Teheran-ro, Gangnam-gu, Seoul	18	Dongwook Shin	English	Subsidiary companies, branches, joint-venture founding, advice on foreign exchange provisions, tax benefits for foreign invested companies, tax advice, stock transfer, etc. M&A related advice, management support service, advice to foreign invested companies	02-568-5200				
				Dongbeon Yim	Japanese						
North Far East	Sinho Kim	416 West Bldg., 15 Court-ro, Seocho-gu, Seoul	9	Sinho Kim	Chinese	Mutual investment between Korea and China, business M&A, legal and investment counseling	02-596-8111				
				Kyeongjae Lee	English	Legal and investment counseling					
				Yunseok Jang							
Landmark LLC.	Jaehun Kim	21st floor, 147 Teheran-ro, Gangnam-gu, Seoul	30	Jaehun Kim	English	Business M&A, corporate investment, legal and tax counseling	02-533-7979				
				Hyeongjun Yu							
				Hyoseon Park							
				Junbyeong Chae	Japanese	Corporate, tax, civil and criminal cases					
				Wusik Choi	English	Corporate, tax, civil and criminal, labor cases					
				Wonwu Choi							
				Hunhee Cho	Chinese	Business M&A, corporate investment, legal and tax counseling					
				Sohyeon Lee							
				Wanjin Ahn							
Logos LLC.	Seongguk Yang, Mugyeom Kim	3, Teheran-ro 87-gil, Seoul (8th, 14th and 16th floor), Gangnam-gu, Seoul	115	Geonhwa Ju	English	Overseas business, joint venture	02-2188-1014				
				Duhyeon Ryu		Foreign direct investment, corporate law, business M&A	02-2188-1017				
				Yunseok Byeon		International transactions, overseas business, international arbitration	02-2188-2836				
				Hanna Lee	English	Business M&A, foreign direct investment, overseas business	02-2188-2837				
				Jeongyeol Park		Medical, labor law	02-2188-1050				
				Munju Ki		Corporate law, foreign direct investment in Korea by Chinese businesses	02-2188-1025				
				Hyeongmin Yim	Chinese	Corporate law, bankruptcy, foreign direct investment in Korea by Japanese businesses	02-2188-2831 02-3477-8500				
				Jeongae Han	Japanese	Corporate, financial, arbitration	02-3477-3003				
				Lin	Jinseok Yim	10th floor, 347 Seocho-daero, Seocho-gu, Seoul	55	Jinseok Yim	English, Japanese	International disputes	02-3477-6300
								Incheol Kang	M&A Investment, PEF, fair trading	02-3477-8686	
Hakhun Kim	English	Finance, HR, international disputes	02-3477-3003								
Seonhee Cha		Energy, infrastructure									
Seongjun Park		Business investment, M&A, finance, PEF									
Hongwon Lee											

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Lin	Jinseok Yim	10th floor, 347 Seocho-daero, Seocho-gu, Seoul	55	Hyeonsang Yun	English	Financial service	02-3477-8500
				Milosz Zurkowski	English, Polish	Investment, finance, international litigation, arbitration, bankruptcy, HR	
				Mangu Cho	English	Investment, M&A, project financing	02-3477-8686
				Yonggap Kim	English, Japanese	Intellectual property rights, fair trading	02-3477-8685
				Jongsik Kim	English, Japanese	M&A, fair trading, real properties	02-3477-8686
Byeori	Injung Kim, Sujeong Lee	3rd and 4th floor, 8 Beonyeong-ro 70-gil (Suyeong-dong), Mangmi-dong, Suyeong-gu, Busan	5	Sujeong Lee	English, Japanese	Incorporation, finance, dispute mediation	051-782-9226
				Jiyeong Kim	English		
Sanwu LLC.	Jeonghyeok Yim	Hub 1 Bldg., 7th floor, 33 Seocho-daero 48-gil, Seocho-gu, Seoul	14	Hayeong Mun	French	General	02-584-5533
				Hajin Kim	English	Legal counseling, incorporation in Korea, JV, overseas investment, M&A, international arbitration, international business, business advice	
Yangheon	Euijae Kim, Seongjun Choi, Suchang Kim, Kyeongjun Choi	25th floor, 55 Sejong-daero, Jung-gu, Seoul	45	Yeonjeong Chae	English	Foreign direct investment, incorporation or branch founding in Korea, declaration of foreign direct investment, foreign exchange transactions, M&A	02-397-9840
				Seokjin Yim	English, Japanese	JV, overseas investment, M&A, overseas advancement by Korean businesses	02-397-9878
				Juhyeok Yun	English	Corporate counseling in general, M&A, labor litigation and arbitration	02-397-9842
				Gwangsu Lee	English	M&A, bankruptcy, reorganization, issuance of securities, IPO	02-3019-2895
Weon LLC.	Geumsil Kang, Kiwon Yun	11th floor 308 Gangnam-daero, Kangnam-gu, Seoul	53	Hyojun Park		Business advance in general, M&A, international investment and transactions, EPC projects, international litigation and arbitration, international trade, compliance	02-3019-5455
				Changhyeon Cheon		Corporate law in general (business advice in general, M&A, bankruptcy, reorganization), construction, real properties (real property financing, project financing)	02-3019-2894
				Hyeono Choi		Finance, securities (structured financing, derivatives), international legal service, construction, real properties (real property financing, project financing)	02-3019-2893
				Yeongju Lee		Corporate law (incorporation, investment advice, contract review), international legal service	02-3019-5455

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Yulchon LLC.	Seokhun Kang	38th floor Parnas Tower, 521 Teheran-ro, Gangnam-gu, Seoul	395	Moritz Winkler	English, German	Overseas business, Europe, business M&A, intellectual property rights, labor, international litigation and arbitration, automobile, Latin America, Seoul Europe	02-528-5483
				Sugu Kang	English, Vietnamese	Corporate law, finance, bank, finance in general, overseas, Vietnam/Southeast Asia	02-528-5561
				Yunjae Baek	English	International litigation and arbitration, corporate law and finance, M&A, corporate governance, construction, lease financing (aircraft), international trade	02-528-5473
				Wungjae Byeon	English, Chinese	Corporate law, finance, overseas investment, China, environment	02-528-5797
				Dongchan Shin		Middle East, overseas investment, M&A, international litigation and arbitration	02-528-5356
				Sujeong Lee		Labor	02-528-5246
				Seungmok Lee	English	IR, fraudulent transaction, trademark, business secret, copyright (including computer program), patent/utility model, IP Risk Management(IP compliance), survey and evaluation of intellectual property rights licensing, overseas dispute management	02-528-5942
				Seungbeom Lee	English, Japanese	M&A, business internal investigation, fair trading, Japan, automobile	02-528-5091
				Taehyeok Lee	English	Corporate law, finance, M&A, overseas investment (Indonesia, etc.), finance in general, fund, PE	02-528-5512
				Hyeonggi Lee	English, French	M&A, bankruptcy, business restructuring, insurance, financial service permit or licensing, financial regulations, corporate governance	02-528-5885
				Hongbae Lee	English, Vietnamese	Overseas investment, Vietnam, Southeast Asia, real properties, construction, overseas real property development, construction, plant project, corporate law, finance, M&A	+94-4-3837-8200
				Hwajun Lee	English, Russian	Overseas investment, M&A, international litigation and arbitration, environment, energy, real properties, Russia/CIS, North Korea	02-528-5519
				Mintaek Yim	English, Arabic	Indonesia, Southeast Asia, Middle East, overseas real property development, construction, plant project, overseas legal service, corporate law, finance, M&A	02-528-5406

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Yulchon LLC.	Seokhun Kang	38th floor Parnas Tower, 521 Teheran-ro, Gangnam-gu, Seoul	395	Sehun Jeong	English	M&A, fair trading, fair trading related disputes, broadcasting and communications, medical and pharmaceutical	02-528-5923
				Hyeoncheol Cho	English, French	M&A, overseas investment, France, luxury products	02-528-5958
				Yonghwan Choi	English, Japanese	International tax, tax disputes	02-528-5709
				Chungin Choi	English, Korean, Japanese, Spanish	Corporate law, finance, M&A, culture business, fund, PE, project financing, corporate governance, capital market, environment, energy, advice on real properties, sports/entertainment, overseas disputes	02-528-5073
Yigong	Jinmin Heo	3rd floor, 98 Banpodae-ro, Seocho-gu, Seoul	5	Duwung Kang		Review of international business contracts, legal advice on legal risk management, investment counseling, M&A legal review (M&A, Escrow, Funding Agreement, Due Diligence Report, etc.), foreign direct investment under the Foreign Investment Promotion Act, foreign exchange (declaration, permit, etc.), incorporation in Korea and overseas	
				Jimin Heo	English	Review of international business contracts, legal advice on legal risk management, investment counseling, M&A legal review (escrow, funding agreement, due diligence report, etc.)	02-2038-3620
				Hongseok Yang		Incorporation in Korea and overseas	
				Yeongmin Hwang		Advice on investment, M&A legal review (escrow, funding agreement, due diligence report, etc.)	
				Seonhyu Kim		Foreign direct investment under the Foreign Investment Promotion Act, foreign exchange (declaration, permit, etc.)	
				Jonggeon Lee	English, Chinese	Overseas direct investment, foreigners' investment in Korea, due diligence of local and overseas businesses, M&A, international transactions, private equity, collective investment, corporate law in Korea, China, and USA	010-7134-2198
Yihu	Jonggeon Lee	20th floor Aju Bldg., 201 Teheran-ro, Gangnam-gu, Seoul	13	Gweonyeong Ryu		Legal due diligence of businesses home and abroad, intellectual property rights, copyright, fund and other collective investment, corporate law in Korea, China, and USA	010-7143-0882
				Eunseong Baek	English	Overseas direct investment, foreigners' investment in Korea, due diligence of local and overseas businesses, M&A, international transactions, private equity, collective investment, corporate law in Korea, China, and USA	010-3271-7740

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Yihu	Jonggeon Lee	20th floor Aju Bldg., 201 Teheran-ro, Gangnam-gu, Seoul	13	Nakhyeon Kwon	English	Due diligence of local and overseas businesses, intellectual property rights, copyright, international transactions, M&A	010-3271-7740
Inhwa Kukje	Juhwan Hwang	8th floor, 18, Beobwon-ro 32-gil, Yeonje-gu, Busan (Narae Town Bldg., Geoje-dong)	3	Juhan Hwang Hyeonjeong Seong Jeongwon Song	English	Various civil and criminal litigation, contracts, investment consulting	051-503-0037
Jipyeong LLC.	Gonghyeon Lee, Jihyeong Kim, Yeongtae Yang, Seongtaek Yim	10th floor, KT&G Seodaemun Tower, 60 Chungjeong-ro, Seodaemun-gu, Seoul	243	Cheol Jeong	English	M&A, business law, international transactions, resources, energy, infrastructure, China, Myanmar	02-6200-1753
				Hyejeong Ryu	English, Russian	M&A, energy, resources, infrastructure, business in general, overseas investment, overseas construction, government contracts, Russia, Central Asia	02-6200-1722
				Jeongsik Choi	English, Chinese	M&A, HR, labor law, tax, China, foreign direct investment international litigation and arbitration	02-6200-1785
				Junhee Seo	English, Japanese	M&A, business in general, bio, pharmaceutical, medical, health care, entertainment, sports, leisure, new technology, new industry, Myanmar	02-6200-1763
				Jenny Kim	English	M&A, foreign investment, financial company M&A, overseas expansion, structured finance, acquisition finance, fair trade	02-6200-1771
				Hun Lee		Foreign direct investment (incorporation, equity investment, JV, etc.), business in general (including labor), energy, resources, infrastructure, overseas construction	02-6200-1851
				Chungwuk Noh	English	M&A, business in general, foreign direct investment, overseas investment, finance, securities, PEF, HF, USA, India, Philippines	02-6200-1793
				Sanghee Lee		business in general, foreign direct investment, intellectual property rights (including research agreements), overseas construction, Technology, Media&Telecommunications	02-6200-1718
				Okrim Kim	English, Chinese, Japanese	M&A, business in general, foreign direct investment, China	02-6200-1718
K&P	Taejin Kim	#2901, Bldg. B, 323 Incheon Tower-daero, Yeonsu-gu, Incheon	5	Taejin Kim	English	Legal counseling, civil, criminal, foreign direct investment and incorporation	032-864-8300

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Time	Hyeongwu Lee	#407, 286 Seocho-daero, Seocho-gu, Seoul	3	Hyeongwu Lee	English	Contract, tax	02-583-7203
Hwawu LLC.	Jinsu Jeong	18, 19, 22, 23, 34 floors, ASEM Tower, 517 Yeongdong-daero, Gangnam-gu, Seoul	420	Seungbok Nah	Chinese	China, investment between Korea/China, IPO, M&A, overseas investment, general business counseling, foreign direct investment, private equity fund, financial regulations, compliance, supervisory agency audit or investigation, capital market, asset management, etc.	02-6003-7137
				Hanchil Kim	Russian	Russia, CIS, Europe, M&A, overseas investment, foreign direct investment, financial regulation and compliance, bank, financial holding company, general business counseling, etc.	02-6003-7524
				Jihun Cha		Overseas investment/outbound M&A, project financing, international arbitration and litigation, Southeast Asia	02-6182-8373
				Sunggi Lee		Europe, Southeast Asia, Russia, CIS, M&A, corporate governance, bankruptcy, rehabilitation, overseas investment, finance, financial disputes, supervisory agency audit or investigation, compliance, broadcasting, information, communications, energy, resources, North Korea, etc.	02-6003-7519
				Gweonhoe Kim	English	Europe, Southeast Asia, Russia, CIS, Japan, China, overseas investment, foreign direct investment, international trade and commerce, general business counseling, M&A, structured financing, international arbitration and litigation, etc.	02-6003-7566
				Junwu Lee		Southeast Asia, investment between Korea and Vietnam, finance, mediation, Japan, China, Russia, CIS, Europe, finance, private equity funds, foreign direct investment, overseas investment, project financing, entertainment, sports, international arbitration and litigation, general business counseling, etc.	02-6003-7527
				Hwangrim Jang		Southeast Asia, asset management, M&A, finance, private equity fund, foreign direct investment, insurance, non-bank financial companies, bank, financial holding company, general business counseling, capital market, project financing, North Korea, etc.	02-6003-7594
				Haewang Jeong	Japanese	Japan, investment between Korea and Japan, JV, commercial lawsuits, marine, aviation, general business counseling	02-6003-7567

Corporate name	Representative	Address	Number of attorneys	Attorneys by practice	Languages spoken	Practices performed	Contact phone or address
Hwawu LLC.	Jinsu Jeong	18, 19, 22, 23, 34 floors, ASEM Tower, 517 Yeongdong-daero, Gangnam-gu, Seoul	420	Dongoh Hong	English	Intellectual property rights, Japan, financial regulation, compliance, M&A, bank, financial holding company, general business counseling	02-6003-7549
				Wonhyeong Kim		Japan, M&A, business counseling, foreign direct investment, capital market regulation, asset management, project financing, private equity fund, insurance, etc.	02-6003-7531
				Seongwun Kang		IPO, China, finance, private equity fund, capital market regulation, foreign direct investment, financial regulation, compliance, aviation, Southeast Asia, etc.	02-6003-7591
White & Case	Jihun Hong	31 floor, One IFC, 10 International Finance-ro, Yeongdeungpo-gu, Seoul	5	Jihun Hong	English	Finance, structured financing	02-6138-8816
				Dongho Lee		M&A, private equity fund	02-6138-8811
				Wonseon Jeong		Business counseling, M&A	02-6138-8812
				Sera Park		Project development, finance	02-6138-8820
				Saebyeol Jeon		Commerce, litigation, disputes	02-6138-8817
Hankyeol LLC.	Duhwan Song, Kyeongwu Lee, Byeongyong Ahn, Sik Ahn	16th floor, Kyobo Life Bldg., 1 Jong-ro, Jongro-gu, Seoul		Jehyeok Lee	English	Overseas investment, M&A, finance, international litigation and arbitration, foreign direct investment	02-3458-0980
				Hyeongjun Park		Overseas investment, M&A, JV, foreign direct investment	02-3458-0906
				Taejin Eom		Advancement overseas, including USA, entry into government procurement, international contracts, foreign trade regulations	02-3458-0921
				Gucheol Jeong	Chinese	Foreign law counseling (China), investment in China, M&A, real property investment, intellectual property rights, entertainer management, private equity fund, international litigation and arbitration	02-3458-9401
				Suin Yun	English, Japanese	Foreign direct investment, M&A, business general, international transactions, litigation and arbitration	02-3458-0983
				Sangwon Yun	English	Overseas investment, M&A, finance, JV, foreign direct investment, intellectual property rights	02-3458-0947
				Hyemi Song	English, Japanese, Chinese, French	Branch founding service, legal counseling, contract review, litigation service	010-8277-2024
				Hyeonseon Park			
Opes	Hyemi Song	22, Beobwon-ro 1-gil, Seocho-gu, Seoul, 4F Opes	4	Heeah Eom			
Jeonggyeol	Seongyeop Jeong	4th floor, Finance Bldg., 136 Sejong-daero, Jung-gu, Seoul	5	Sehun Hwang	English	Labor, criminal, entertainment, immigration, foreign direct investment	02-318-2554
				Simgeun Seong		Incorporation, contract drafting and review, compliance, government administration	

[Appendix 6] List of Accounting and Tax Accounting Firms

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Kyeongnam	Hansu Nah	Tax accounting firm Kyeongnam, 3rd floor, Hanma Bldg., 93 Chasang-ro 150-gil, Euichang-gu, Changwon	5	Seon-gwi Yun	English	Management of overseas subsidiary founded by Korean companies overseas, tax accounting and consulting for local companies operated by foreigners	055-277-0113
Gwanggaeto Jongro branch	Mihee Yim	213 Doosan Pavilion, 81 Sambong-ro, Jongro-gu, Seoul	6	Mihee Yim	English	Bookkeeping, assistance to incorporation in Korea, risk review and response to tax audit	02-3288-3676
Gwangjang Lee & Goh	Junseok Kim	6th floor, 9, National Assembly Road 74-gil, Yeongdeungpo-gu, Seoul	7	Junseok Kim	English, Chinese	Bookkeeping of multinational corporation home and abroad (including tax withholding), preparation of transfer pricing reports, service for tax audit	02-2672-2637
Global tax accounting	Ahyeong Jeong	#505, Bldg. A, Hyoseong Jewelry City, 183 Jongro, Jongro-gu, Seoul	3	Ahyeong Jeong	English, Japanese	Import and export of local and foreign businesses, withholding tax return by foreign invested companies, taxpayer registration and consulting service, financial report and tax returns by foreign companies, etc.	02-2279-7777
Nuri	Cheolhun Kim	4th floor, 658 Gucheonmyeon-ro, Gangdong-ro, Seoul	3	Cheolhun Kim	English, Japanese	International taxation, founding of corporations overseas, foreign invested companies, tax return service for non-residents	02-6436-3000
Dasan	Hwanyeol Ryu	6th floor, 23, Yeoksam-ro 98-gil, Gangnam-gu, Seoul	83	Jongnam Ahn	English	Founding of liaison, branch offices, corporations in Korea, payroll service, bookkeeping, cash management, tax audit, tax return service (fixed business place, transfer price, tax price)	02-531-7472
				Seongyong Song	Japanese		02-531-7458
Daemaek	Jeongmin Seo	A-1212, 406 Teheran-ro, Gangnam-gu, Seoul	3	Jeongmin Seo	Japanese	Incorporation by investment in kind, tax audit, real estate corporation (REIT), construction, entry into Korean market by foreign companies, tax consulting, tax service for individuals and corporations	02-568-5833
Daewon	Yeongjung Kang	2nd floor, Korea Customs Brokers Assn Bldg. Nonhyeon-dong, 20, Eonju-ro 129-gil, Kangnam-gu, Seoul	12	Seonggwon Cho, Seongwu Yun, Taehyeon Park, Kiyeong Yun	English	International tax related consulting, transfer pricing report, review of withholding tax returns in Korea, founding of foreign direct invested companies, tax adjustment	02-3016-3806
Lian	Sangeun Lee	8th floor, 209 Seocho-Jungang-ro, Seocho-gu, Seoul	50	Euihaeng Cho	English	Counseling on foreign direct investment to enter Korean market, founding of liaison or branch office, subsidiary corporation, liquidation, deployment of accounting system of foreign invested companies, home office financial reporting (K-GAAP, IFRS), bookkeeping and tax returns, advice (corporate tax, VAT, international taxes, transfer pricing), HR outsourcing (payroll computing, returns, payment service), cash management	02-537-1807

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Mazars Sebit Korea	Seungha Park	19th floor, Yongsan The Prime (Business Bldg.) 11 Wonhyo-ro 90-gil, Yongsan-gu, Seoul 04315	28	Seungha Park	English	Tax & Accounting	02-3438-2406
				Yeong Heo			02-3438-2403
				Jeongmin Lee			02-3438-2441
				Gyutaek Shim	French, English	Audit, FAS	02-3438-2442
				Julian HERVEAU			02-3438-2431
				Jiseon Yang	English	Accounting outsourcing services	02-3438-2473
				Julia Botche	German, English		02-3438-2556
				Jiwon Shim	Japanese		02-3438-2563
Bomyeong	Changyeol Lee	2nd floor, 40, Sumi-ro 14beon-gil, Suyeong-gu, Busan	13	Changyeol Lee	English	Financial audit, internal audit, due diligence, advice on M&A	051-328-8328
B&H	Sanghun Baek	10th West Bldg., Mirae Asset Center One, 26 Eulji-ro 5-gil, Jung-gu, Seoul	22	Sanghun Baek	English	Transfer price, offshore tax evasion, overseas bank accounts, MAP, APA, tax audit, BEPS, claim of adjustment, objection to tax imposed, inquiry on standing regulations, amendment to statutes, advice on M&A, etc.	02-6030-8520
Samdeok	Yongmo Lee	S&S Bldg., 48 Wujeongguk-ro, Jongno-gu, Seoul	441	Gweonjeong Choi	English	<ul style="list-style-type: none"> • Support to founding of subsidiary, branch, liaison office, and declaration of fixed business place • Payroll service • Bookkeeping and preparation of financial report package • Adjustment of corporate and personal income tax • Advice on M&A, dividend, tax and accounting • Support office services 	02-397-6602
				Jeonghun Ha		Financial audit, valuation, due diligence, preparation of financial report package	02-397-6602
Samwu S&TA	Daegyu Lee	Room 902, Sinsong Bldg., 67 Yeoinaru-ro, Yeongdeungpo-gu, Seoul (Yeoido-dong)	5	Junho Kyeong	Japanese	<ul style="list-style-type: none"> • Various counseling service for entry into Korean market by foreign companies, tax related service (corporate and personal tax, VAT, etc. returns, consulting on international taxes) • accounting related services (bookkeeping, financial statements, and preparation of financial reports) • payroll service (computing and remittance of pay, withholding tax returns, year-end settlement, four major insurance related service), etc. 	02-3215-1300

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Samil	Hunsu Yun	100 Hangang-daero, Yongsan-gu, Seoul	2,450	Steven Kang (Charyeong Kang)	English	Inbound Audit and IPO Services	02-709-4788
				Daniel Fertig	English	Inbound Audit and Other Accounting Services	02-709-8714
				Yongwuk Jeon	Chinese	China and SE Asia Audit and Accounting Services	02-709-7982
				Henry An (Ikheung An)	English	Inbound Tax	02-3781-2594
				Robert Browell		Inbound Tax	02-709-8896
				Youngju Kim		Transfer Pricing	02-709-4098
				Daejun Park	English	Private Equity/ Valuation	02-709-8938
Seonghyeon	Geunseo Park	9th floor, Haesung Building 2, 508 Teheran-ro, Gangnam-gu, Seoul	85	Steven Jeong (Seungmin Jeong)		Corporate Finance3	02-3781-2551
				Jeonghun Lee		Transaction Services/ FDD	02-3781-9544
				Minjae Lee		Tax advice (fixed business place and review of transfer price), financial audit, due diligence, application for occupancy of foreign direct investment zones, application service of advanced technology business, etc.	02-513-0208
				Yeongah Park	English	Founding service of and advice on liaison office, branch, and local subsidiary corporation, HR outsourcing (payroll), corporate accounting (bookkeeping), tax returns (corporate tax, VAT returns), tax advice (fixed business place, withholding of personal and corporate tax)	02-513-0278
				Taeil Goh		Founding service of and advice on liaison office, branch) local subsidiary corporation, HR outsourcing (payroll), corporate accounting (bookkeeping service), corporate accounting (bookkeeping), tax returns (corporate tax, VAT returns, etc.), tax advice (fixed business place, review of transfer price), financial audit, due diligence	051-460-4723

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Seonghyeon	Geunseo Park	9th floor, Haesung Building 2, 508 Teheran-ro, Gangnam-gu, Seoul	85	Hyeyun Kim	English	HR outsourcing (payroll), corporate accounting (bookkeeping service), tax returns (corporate tax, VAT returns, etc.), financial audit, due diligence, etc.	051-460-4710
Shinhwa	Beomjun Yang	8/9th floor, 86 Teheran-ro 15-gil, Gangnam-gu, Seoul	25	Yunki Yang	English	M&A advice, due diligence, other advice	02-561-7181
				Gwangsu Kim	Japanese	Incorporation, bookkeeping, tax advice, financial audit	02-553-7956
				Taeil Jang		M&A advice, due diligence, other advice	02-555-9211
Anjin	Jongseong Hong	9th floor, Seoul IFC One, 10 International Finance-ro, Yeongdeungpo-gu, Seoul	1,018	Hoyeong Heo	English	Financial audit, accounting advice, due diligence of financial service companies, advice on M&A, etc.	02-6676-1180
				Taejin Cho			02-6676-3322
				Hyeongnam Lee		Financial audit of banking institutions, overall coordination of entry into Korea (advice on IFRS, accounting, consulting on M&A, etc.)	02-6676-1268
				Seonhee Gong		Financial audit of banking institutions, deployment of internal control system, US GAAP/IFRS, conversion of financial statements, accounting consulting	02-6676-1264
				Seongho Park		Review and advice on deployment of internal control system (SOX), US GAAP/IFRS, financial due diligence	02-6676-3160
				Seonhee Lee		Consulting on M&A, due diligence, other financial advice, financial audit (specialized in foreign direct invested companies), due diligence of overseas funds, finance related statutes, other counseling	02-6676-3224
				Jaeho Hwang			02-6676-3129
				Jihun Yu		Financial audit (specialized in foreign direct invested companies), IPO audit and consulting, advice on accounting related to internal control	02-6676-3124
				Donghyeon Lee		Accounting PMI (support to and advice on closing, policy education, etc.), checking of contract performance based on agreed-on procedures (cost verification, etc.) internal audit co-sourcing, US-SOX self-test service, physical inventory service	02-6676-3125
				Youngjae Kim		Financial audit, due diligence	02-6676-1689
				Yongseok Jeon		M&A consulting, due diligence	02-6676-1524
				Jeongwuk Seo		IFRS audit and advice, due diligence, advice and overall coordination of entry into Korean market	02-6676-1871

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Anjin	Jongseong Hong	9 floor, Seoul IFC One, 10 International Finance-ro, Yeongdeungpo-gu, Seoul	1,018	Kiyeong Nah	English	Financial audit (IFRS, K-GAAP), M&A advice, consulting or advice on other financial issues, internal control, overall coordination of entry into Korea	02-6676-1530
				Seunghee Hwang		Due diligence, overall coordination of entry into Korea	02-6676-1642
				Byeongmun Yu		US GAAP and IFRS audit and consulting, due diligence, internal control SOX related accounting advice	02-6676-1546
Oseong	Seokhyeon Lee	9th floor, 109 Teheran-ro, Gangnam-gu, Seoul	13	Kihyeon Kim	English	Financial audit, accounting advice, due diligence (exclusive of financial service companies), advice or consulting on M&A	02-6676-1397
				Seokhyeon Lee		Overall coordination of foreign direct investment, financial audit, M&A consulting, due diligence, tax consulting	
				Wi Yeong		Declaration of foreign direct investment, founding of local corporation, branch, and liaison office, advice on entry into Korea by foreign companies, legal counseling	
				Keontae Kim		Founding of local corporation directly invested by foreigners, outsourcing of tax accounting of foreign companies in English-speaking countries, payroll service, four major insurance management, service for VAT and corporate tax returns, financial report to home office, financial management	02-2631-1230
				Juhyeon Park			
				Jinwuk Lee			
				Sunwon Lee			
				Jeongeun Kim	Chinese	Founding of local corporation directly invested by foreigners, outsourcing of tax accounting of foreign companies in Chinese-speaking countries, payroll service, four major insurance management, service for VAT and corporate tax returns, financial report to home office, financial management	
				Yeongryeon Park			
				Joyeong			
With	Wonhyeon Kim	#201, 2nd floor, 25 Gasan-Digital 1-ro, Geumcheon-gu, Seoul	7	Junrin Cha	Chinese	Founding of local corporation directly invested by foreigners, outsourcing of tax accounting of foreign companies in Japanese countries, payroll service, four major insurance management, service for VAT and corporate tax returns, financial report to home office, financial management	032-858-9175
				Masao Yumiko	Japanese		
				Yeongjin Ju	English	Service for overseas reporting of financial status of foreign invested companies, review of tax issues, estimate financial statements, report of income analysis	

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
With Plus	Seyeong Choi	2nd floor, Samjeong Bldg. 152 Bawumoe-ro, Seocho-gu, Seoul	8	Seyeong Choi, Hyeonjun Kim, Deokhee Cho	English, Japanese	Assistance to founding of foreign invested companies (local corporation and branch office), operation of foreign direct invested corporation, founding of branch or subsidiary company in Japan, comprehensive review service between home and branch offices, outsourcing services, assistance to M&A of Japanese companies, international inheritance tax returns and assistance	02-576-9659
Yichon	Myeongjin Kim	Miwon Bldg., 70 International Finance-ro, Yeongdeungpo-gu, Seoul	116	Seongil Yu	English, Chinese	Assistance to and advice on founding of local liaison, branch office and local corporation, bookkeeping and tax returns (corporate tax and VAT, withholding of earned income, etc.), international tax counseling, financial audit, advice on M&A due diligence, general tax and finance consulting	02-780-0889
				Seongmun Jeong	English	Assistance to and advice on founding of local liaison, branch office and local corporation, tax consulting (tax credit, advice on corporate tax system), tax return service (returns of corporate tax, VAT, withholding and return of earned income), corporate accounting (bookkeeping service)	02-6617-7210
				Jeongsik Mun	English	Founding of local subsidiary corporation, approval of foreign invested corporation founding, consulting on liquidation, bookkeeping service for foreign companies or foreign invested corporations (outsourcing), tax returns on payroll, four major insurance, corporate tax return, tax audit service, tax credit, tax objection, financial audit	010-3898-2035
Indeok	Jongpil Kim	3rd floor, Daeha Bldg., 19, National Assembly-daero 70-gil, Yeongdeungpo-gu, Seoul	130	Yuntaek Oh	English	Business restructuring, liquidation, advice on foreign exchange regulations and compliance, advice on taxes on international transactions, corporate tax returns, tax audit service, tax objection, financial audit	010-5245-4333
				Seongyu Lee	Japanese	Founding and liquidation of Japanese companies, bookkeeping and tax returns for Japanese companies, advice on corporate tax, tax objection by Japanese companies, financial audit by Japanese companies	010-9145-0584
				Sungho Shin	English	M&A, due diligence, company valuation	010-3893-7265

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
				Yeongmin Gong			02-555-1559
Jeongjin Serim	Yihyeon Jeon	3, 4, 5th floor, Yuseong bldg., 121 Yeoksam-ro, Gangnam-gu, Seoul	91	Sangtaek Nah	English	1. Services outsourced: • Payroll related services each month • Bookkeeping and preparation of financial statements each month • ERP system-based reporting to home office • VAT returns • Administration of vouchers through office visit each month • Banking service including overseas remittance (wire transfer) 2. Advice service 3. Financial audit service 4. Tax adjustment and return service 5. Founding of local subsidiary corporation or branch of foreign corporations	02-6138-8811
Jeonghyeon	Taechul Eom	#1810, Yeoksam Heights, 151 Teheran-ro, Gangnam-gu, Seoul	5	Taechul Eom	English	Returns of corporate, inheritance, and donation taxes, international tax issues (preparation of transfer prices, etc.), tax audit service, consulting, etc.	02-565-8649
Jewon	Munsik Park	Contractors Association Bldg., 71-2 Nonhyeon-dong, Gangnam-gu, Seoul	28	Sangyun Kim	Japanese	Founding of local corporation, branch or liaison office, accounting and tax service, financial audit, tax audit service, payroll and four major insurance, general consulting on other tax issues, due diligence, and other financial consulting	02-511-1402
				Byeongho Choi	English	Information of declaration of foreign direct investment, advice on M&A, financial due diligence, financial audit, bookkeeping and tax return services	02-512-0164
Jinil	Yeongseok Bae	#701 Ilshin Bldg., 11 Bank-ro, Yeongdeungpo-gu, Seoul	55	Yeongyun Choi	English	Service for and advice on founding of local liaison or branch offices, and local subsidiary corporation, corporate accounting (bookkeeping, preparation of group report package), tax advice	02-6095-2137
Cheonji	Jeomsik Park	#1604, 6th Ace High-end Tower, 234 Beotkot-ro, Geumcheon-gu, Seoul	20	Soyeon Kim, Suhyeon Park	English	Tax returns on behalf of individuals and foreign invested companies in Korea (Comprehensive income tax, corporate tax, VAT, etc.), tax consulting, including review of tax credit under the Act on Restriction of Exceptional Taxation.	02-597-2900

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
KNP Seocho	Byeongrim Kim	Tax Firm KNP Seocho Branch, 5th floor, Seoho Bldg., 72 Saimdang-ro, Seocho-gu, Seoul	3	Juhyeon Kim	English	Personal Income Tax Return Form1040, Corporate Tax Return Form1120, Partnership Declaration Form1065, Declaration of overseas bank accounts FBAR / FATCA, Voluntary Declaration of bank accounts OVDP, Bookkeeping service for foreign and foreign invested corporation, consulting on nationality renunciation tax, Declaration of US inheritance/ donation taxes, Guide on investment in real properties in USA, assistance to immigration into USA, founding on corporation founding in USA, international tax consulting	010-8806-4664
K Partners KSD International Tax Consulting	Seongdong Kim	211 Songnam Bldg., 273 Gangnam-daero, Seocho-gu, Seoul	7	Seongdong Kim	English	Tax treaty, Local tax related to non-resident foreign corporations	02-562-0055
Taeseong	Sanghwan Nam	5th floor, K-Cube, 726-2 Yeoksam-ro , Gangnam-gu, Seoul	200	Minjeong Kim Hajun Jeong	English	Service for founding local subsidiary corporation, branch or liaison offices, bookkeeping and tax returns for, tax audit of, and business consulting for foreign invested companies M&A consulting, due diligence	02-561-6513 02-561-0994
Tax for You	Gweondae Lee	#1206 CubieCentum, 60 Centum Jungang-ro, Haeundae-gu, Busan	5	Eunsuk Lee	English	Bookkeeping, tax returns for local and foreign companies, service for founding corporation	051-639-9680
Hana	Gyuseob Lee, Yongcheol Kim	3rd floor, Olympia Center. 72 Nonhyeon-ro 79-gil, (Yeoksam-dong) Gangnam-gu, Seoul	40	Michael M. Lee Christie S. Lee Ara. Jung Carlos H. Jung	English	Bookkeeping and tax returns for foreign companies in Korea, payroll related declaration, tax consulting on founding and withdrawal of foreign companies, strategies for optimizing local taxes, submission of information and response to transfer price, tax strategy consulting for Korean companies advancing to foreign countries, tax objection, and tax audit related service for individuals and corporations	02-2009-1681 02-2009-1682 02-2009-1631 02-2009-4327

Corporate name	Representative	Address	Number of attorneys/accountants	Attorneys/accountants by practice	Languages spoken	Practices performed	Contact phone or address
Hanyeong	Yonggeun Park	2-8F Taeyeong Bldg., 111 Yeoi Park-ro, Yeongdeungpo-gu, Seoul	1,033	Yeongmin Gong Geumcheol Shin Hunsik Shin Heungsik Kim Seungyeob Wu Janggyu Shin Seungbaek Wu	Japanese English, Japanese	Financial audit Tax advice, tax returns service (corporate tax, VAT returns, earned income withholding and tax returns) General tax counseling, advise on incentives for foreign direct investment	02-3787-6745 02-3787-6372 02-3787-6884 02-3787-6810 02-3787-6508 02-3770-0954 02-3787-6320
Hanwul	Kibong Nam	6th floor, Sindo Bldg., 14 Teheran-ro 88-gil, Gangnam-gu, Seoul	222	Kibong Nam Jeongdae Kang Junwu Lee Hyeoncheol Goh Seonghwi Kim Hyeonggeun Yun Ilgyu Kwon Yeongji Hong Jisu Shim Sangyeong Wi Sanghyeon Park	English English, Chinese Chinese	Certification, due diligence, advice, bookkeeping, consulting Financial audit, due diligence, valuation, bookkeeping and tax return service Financial audit, bookkeeping (tax returns) service, other consulting Founding of local corporation, bookkeeping, tax return service Certification, due diligence, advice, bookkeeping, consulting	02-2009-5762 02-2009-5701 02-2084-5811 02-2084-5680 010-8305-0490 02-2084-5825 02-2009-5784 02-316-6639 02-316-6622 02-316-6621 02-316-6638
UHY, Seil Won	Hyeongjun Cho	6th floor, Fine Gangnam Bldg., 21 Teheran-ro 8-gil, Gangnam-gu, Seoul	47	Gilmo Mun Junghee Han Inin Jang	English Chinese	Founding and liquidation of foreign invested companies, founding of local corporation, branch or liaison offices, bookkeeping and home office reporting for foreign invested companies, HR outsourcing, tax return service (VAT, corporate tax, etc.), study for tax saving means, tax audit service (fixed business place, transfer price, review of tax treaty), consulting or advice on inducement of foreign investment, M&A	02-564-0026 010-5265-9460

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