

**The following tax information is translated from Korean for foreign-invested companies, and is not legally binding.**

### ※ Finalized value added tax (VAT) return filing for the 1st period of 2018

#### □ Entrepreneurs subject to file a finalized return

- Because corporate entrepreneurs file a preliminary return, they should file and pay VAT for the turnover of sales from April to June.
- General taxable persons do not file a preliminary return, so they should file and pay VAT for the turnover of sales from January to June (excluding the amount filed through early VAT refund returns).
- Because simplified taxable persons file and pay VAT for the turnover of sales from January to December once a year by January 25 of the following year, they are not obligated to file a finalized return.

#### □ Finalized VAT filing period

Period	Type of entrepreneur		Classification	Filing period
1st period	Corporation		<ul style="list-style-type: none"> <li>• Continuing business</li> <li>• Newly commenced business (in or after April)</li> </ul>	<ul style="list-style-type: none"> <li>• Jan. 1-Jun. 30 (excluding the amount filed through preliminary returns and early VAT refund returns)</li> <li>• Business commencement date-Jun.30 (excluding the amount filed through early VAT returns)</li> </ul>
	Individual	General taxpayer	<ul style="list-style-type: none"> <li>• Continuing business</li> <li>• Newly commenced business</li> </ul>	<ul style="list-style-type: none"> <li>• Jan. 1-Jun. 30 (excluding the amount filed through preliminary returns and early VAT refund returns)</li> <li>• Business commencement date-Jun.30 (excluding the amount filed through early VAT returns)</li> </ul>

※ Businesses without any sales turnover during the filing period due to temporary business closure, etc. should also file a VAT return.

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## ※ Major revisions to the Value Added Tax Act in 2018

### **1. Expanded scope of cases in which issuance of purchaser-issued corrected tax invoice is permitted (Article 34-2 of the Act)**

- Cases in which issuance of purchaser-issued corrected tax invoice is permitted
  - Before: When the seller does not issue a tax invoice
  - After: Also possible when a corrected tax invoice cannot be issued by the seller due to business closure, etc.

#### **<Reason for revision>**

To ease the burden of taxpayers due to the non-issuance of a corrected tax invoice

※ Applicable to goods or services supplied on or after Jan. 1, 2018

### **2. Increase in penalty tax rate for false tax invoice (Article 60 of the Act)**

- When a tax invoice, etc. was issued or received without the supply of goods or services
  - Amount stated on the false tax invoice x (Before) 2% -> (After) 3%
- When the supply amount on the tax invoice, etc. was stated in excess after supply of goods or service
  - Excessively stated supply amount x (Before) 2% -> (After) 3%

#### **<Reason for change>**

To strengthen restrictions on false transactions, etc.

※ Applicable to goods or services supplied on or after Jan. 1, 2018

### **3. Procedure for issuance of corrected import tax invoice established (New, Article 35)**

- If the head of a customs office does not issue a corrected import tax invoice, the importer can submit an application for issuance of corrected import tax invoice within five years of the date of import declaration or within one year of the date on which a decision, etc. was made on the lawsuit.
  - The head of the customs office should issue a corrected import tax invoice within two months of receiving the application, or notify the applicant that there is no reason to issue an invoice.

#### **<Reason for establishment>**

To strengthen taxpayers' rights related to corrected import tax invoice

※ Applied to corrected import declarations by importers or decisions or corrections made by the head of the customs office on or after Jan. 1, 2018.

*For more information, please contact the International Tax Resource Management Office of the National Tax Service (82-44-204-2873~74).*