

KOTRA Express provides a summary of the government's authoritative interpretation on how foreign investment-related laws and regulations should be actually applied. The interpretations are the advice of the Ministry of Government Legislation on questions or conflicts regarding the meaning and interpretation of such laws and regulations.



**The head of a local government leased land, etc. owned by the local government to a foreign-invested company, etc. for 50 years pursuant to Article 13 (1) of the Foreign Investment Promotion Act. Afterwards, the lease period was renewed pursuant to Paragraph 11 of the same Act. In this case, should the total period of lease before and after the lease renewal be not more than 50 years?**



In the case where the head of a local government leased land, etc. that the local autonomous body owns to a foreign-invested company pursuant to Article 13 (1) of the Foreign Investment Promotion Act and then renewed the lease period pursuant to Article 11 of the same Act, the total period of lease before and after the lease renewal may be over 50 years.



### Details

- Article 13 (3) of the Foreign Investment Promotion Act stipulates that the lease period can be within 50 years, and Paragraph 11 of the same Article prescribes that the lease period in Paragraph 3 of the same Article can be renewed and that the renewed lease period cannot exceed the lease period prescribed by Paragraph 3 of the same Act. In this regard, the lease period can be up to 50 years and can be renewed for a period not exceeding the previous lease period without any consideration of the accumulated lease period. In addition, there are no regulations restricting the number of times the lease period can be renewed or the total period of lease before and after the lease renewal. Therefore, it cannot be interpreted that the total period of lease before and after the renewal as prescribed by Article 13 (1) of the same Act should be not more than 50 years.

- In addition, the proviso of Article 21 (1) of the Co-owned Properties and Goods Management Act, which is the general law concerning co-owned properties by a local government, stipulates that the period for which permission is granted to use or profit from donated property as prescribed by Article 7 (2) of the same Act shall be from the date on which permission was given for gratuitous use to the date on which the total amount of fee reaches the value of the donated property. However, the maximum period for using or profiting from the property—referred to as the total usable period—is set at 20 years.

- Also, the proviso of Article 7 (3) stipulates that the period for using or profiting from donated property can be renewed once up to 10 years within the scope of the total usable period. In other words, it is stated that the total period for which permission is granted to use or profit from donated property cannot exceed 20 years.

- If the legislation was meant to restrict the total extended lease period to 50 years, there would have been a regulation on the total lease period like the proviso of Article 7 (3) of the aforementioned Act. In this regard, interpreting that the total extended lease period should not exceed 50 years would limit the lease period in the Act and therefore be unacceptable.

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