Period for Which Customs Duties for Capital Goods Are Exempted

**Q.** For how long are customs duties, etc. exempted for capital goods imported by foreign-invested companies that are eligible for tax reduction or exemption?

**A.** Customs duties, etc. are exempted for capital goods for which import declaration has been completed for five years from the date of foreign investment notification.

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**Additional information**

- **Capital goods exempt from customs duties**
  - Capital goods that a foreign-invested company brings in with a foreign or domestic means of payment it has obtained as equity investment from a foreign investor
  - Capital goods that a foreign investor brings in as objects of investment falling under Article 2 (1) 8 of the Foreign Investment Promotion Act

- **Documents required**
  - For a foreigner to be eligible for exemption from customs duties, etc., he/she should obtain an approval from the Ministry of Strategy and Finance.
  - To become exempt from customs duties, etc., the following documents should be submitted to the customs collector before the acceptance of import declaration.
    - Application for customs duties, individual consumption tax and value-added tax
    - Documents certifying that the business is subject to exemption from corporate tax, etc. (a copy of certification of tax reduction or exemption decision)
    - Documents certifying that the capital goods are imported with cash invested by a foreign investor (a copy of the foreign investment notification certificate, a copy of the certificate of foreign currency purchase, etc.)
    - Confirmation certificate of the specification of the imported capital goods

- **Application procedure**
  - For a foreign-invested company to be eligible for exemption from customs duties, etc., when importing capital goods, an application for tax reduction or exemption should be submitted to the Ministry of Strategy and Finance. Afterwards, a confirmation certificate of the specification of imported capital goods should be issued from a delegated agency (a foreign exchange bank or KOTRA) and an application for customs duties exemption should be submitted when importing equipment.

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1 Article 121-3 of the Restriction of Special Taxation Act