The following tax information has been translated from the Korean for foreign-invested companies and is not legally binding.

Q. If a person is fined for failing to report or under-reporting his/her overseas financial account, how is the fine calculated?

A. If a person obliged to report his/her overseas financial account fails to report or under-reports within the reporting time limit, a fine equivalent to the amount stated in Article 35 (1) of the Adjustment of International Taxes Act will be imposed for each unreported or under-reported account.

Intl. Tax Division of the Ministry of Strategy & Finance-188 (May 2, 2014)

* Criteria for fine imposed on unreported or under-reported financial account (Fine amount may be reduced)

<table>
<thead>
<tr>
<th>Unreported / under-reported amount</th>
<th>Fine imposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRW 2 billion or less</td>
<td>4% (3%) of the amount</td>
</tr>
<tr>
<td>More than KRW 2 billion and not more than KRW 5 billion</td>
<td>KRW 80 mil. + 7% of the amount in excess of KRW 2 bil. (KRW 60 mil. + 6% of the amount in excess of KRW 2 bil.)</td>
</tr>
<tr>
<td>More than KRW 5 billion</td>
<td>KRW 290 mil. + 10% of the amount in excess of KRW 5 bil. (KRW 240 mil. + 9% of the amount in excess of KRW 5 bil.)</td>
</tr>
</tbody>
</table>

* Related law: Article 35 of the Adjustment of International Taxes Act

Q. If an Indian company provides technology service to a Korean company from outside of Korea, is the income accrued from providing the service subject to withholding tax?

A. If an Indian company that does not have a place of business in Korea provides software development service to a Korean company from outside of Korea, the income accrued from providing the service constitutes domestic source income in accordance with Article 13 of the Republic of Korea-India Income Tax Convention and Article 93 of the Corporate Tax Act. Therefore, 15 percent of the income will be withheld (including local income tax).

Intl. Tax Division of the Ministry of Strategy & Finance-289 (July 15, 2014)

* Related law: Article 93 of the Corporate Tax Act
Q. If a non-resident of Korea enters into a contract for performing in Korea and receives a down payment and performance fee before the performance, is the income subject to withholding tax?

A. 1. If the contract party is a Hong Kong company that does not have a place of business in Korea and the actual performer and recipient of the performance fee is a non-resident entertainer, the tax convention between Korea and the non-resident entertainer's country of residence shall apply in accordance with Article 2-2 of the Adjustment of International Taxes Act. Also, in accordance with Article 156 (1) of the Income Tax Act, tax shall be withheld from the income accrued from providing the performance service.

2. If the Korean company that receives the performance service pays accommodation expenses and airfare for the performer directly to the accommodation provider or airline, the expense shall be excluded from the non-resident performer's domestic source income in accordance with Article 119, Subparagraph 6 of the Income Tax Act and Article 179 (7) of the Enforcement Decree of the same act.

International Tax Resource Management Office-124 (April 1, 2014)

* Related law: Article 2-2 of the Adjustment of International Taxes Act

For more information, please contact the International Tax Resource Management Office of the National Tax Service (82-2-397-1438~9).