

# Business in Korea



# Business in Korea



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# Main Summary

- Major Changes in Business in Korea 2025
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# Major Changes in Business in Korea 2025

## Foreign Investment Incentive

### Tax Reduction and Exemption

- **Expansion of the Scope of National Strategic Technologies and New Growth and Source Technologies** (p.89 , p.98-99 )

① Addition of 5 new materials, parts, and equipment-related technologies and **bioenergy production technologies**

	Current	Revised
<b>National Strategic Technologies</b>	66 technologies in 7 fields* * Semiconductor, battery, vaccine, display, hydrogen, futuristic mobility, biopharmaceuticals	71 technologies* in 7 fields * ① Added Technologies: Semiconductor (1), secondary battery (1), display (2), hydrogen (1) ② Expansion of Current Technology Scope: Semiconductor (4), bio (1)

② **Addition of advanced technologies centered on the semiconductor field**

- The addition of detailed technologies related to the design and manufacturing of semiconductor-related materials, parts, and equipment for next-generation memory semiconductors, as well as the design and manufacturing of power semiconductors for energy efficiency improvement


③ **Addition of 3 new hydrogen and energy technologies** to cope with the climate crisis

	Current	Revised
<b>New Growth and Source Technology</b>	270 technologies in 14 fields* * Future cars, intelligent information, next-generation S/W, content, electronic information devices, next-generation broadcasting and communications, bio/health, energy/environment, convergence materials, robots, aviation/aerospace, advanced materials/parts/equipment, short-term neutrality, defense industry	273 technologies in 14 fields* * ① Added Technology: Hydrogen (2), Energy efficiency/Transportation (1) ② Expansion of scope of current technology: Advanced materials, parts, and equipment (2), carbon neutrality (1)

④ **Clarification of scope of technology in advanced materials, parts, and equipment field and expansion of technology in the carbon neutral field**

(Advanced Materials, Parts, and Equipment) Clarification (expansion) of design and manufacturing technology scope of advanced machining center and advanced turning center  
(Carbon Neutrality) Expansion of production technology for biochemical raw materials replacing petroleum polymer

※ For information on the detailed technologies that fall under the scope of national strategic technologies and new growth and source technologies, refer to Appendix 7 and Appendix 7-2 of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation.

- **Extension of the Reduction Period for Customs Duties, Special Excise Taxes, and Value-added Tax on Imported Capital Goods** (p.94 )

– Extension of the reduction period in customs duties, special excise taxes, and value-added tax on capital goods imported for foreign investment to up to 7 years

### **Reduction Period for Customs Duties, Special Excise Taxes, and Value-added Tax**

Current	Revised
100% reduction for 5 years + extension by 1 year allowed	100% reduction for 5 years + extension by 2 years allowed

• **Expansion of the Scope of Income Tax Reduction for Foreign Engineers** (p.96 🗨️)

- To attract excellent overseas talent in advanced industries, those who meet the criteria for excellent overseas talent specified in the Special Act on High-Tech Industry Talent Innovation are also subject to reduction of income tax for foreign workers.

	Current	Revised
<b>Eligibility</b>	Foreign technology providers under an engineering technology introduction contract or foreign researchers (research institutes, schools, etc.) with a bachelor's degree or higher in natural science, engineering, or medicine and at least 5 years of research experience	Addition of excellent overseas talents* (K-Tech Pass holders) under the Special Act on High-Tech Industry Talent Innovation
<b>Details of Reduction</b>	50% income tax reduction for 10 years starting from the first day of providing labor	Same

\* Graduates with master's or doctoral degrees from the top 100 global universities with at least 8 years of work experience, including at least 3 years of work experience at a top global company

• **Expansion of the Scope of Application of Tax Credit for R&D Expenses** (p.98 🗨️)

- **Research facility rent, software rental/purchase fees, etc.,** are also **subject to tax credit for national strategic technology, new growth/source technology research/human resource development expenses.**
- **Tax credit for research/human resource development expenses is applied to cloud usage fee** to expand support for research and development in the field of artificial intelligence.

R&D Expense	Current	Revised
<b>Software Rental and Purchase Cost, R&amp;D Facility Rent, etc.</b>	Not applicable for R&D in the fields of national strategic technology and new growth/source technology (applicable to general R&D)	Applicable for R&D in the fields of national strategic technology and new growth/source technology
<b>Fees for Using Cloud for Research and Development</b>	Tax credit not applied to R&D	Tax credit applied to general R&D, as well as R&D for national strategic technology and new growth/source technology

## 💬 Cash Grant

• **Raise of Cash Grant Ceiling and Central Government Funding Ratio** (p.115 🗨️)

- 1) The cash grant ceiling is raised by 5 to 20%p permanently, and will be raised by 10 to 25%p up to a maximum of 75% in 2025 temporarily.

**Cash Grant Ceiling by Sector**

Current		Revised (Figures in brackets are for 2025 only)	
<b>R&amp;D center, national advanced strategic technology</b>	50%	<b>R&amp;D center (national advanced strategic industries), global corporations' regional headquarters</b>	50%(75%)
		<b>R&amp;D center (others), national advanced strategic technology</b>	50%(60%)
<b>New growth and high technologies, materials / parts / equipment</b>	40%	<b>New growth and high technologies, materials / parts / equipment</b>	45%(55%)
<b>Global corporation's regional headquarters, large-scale employment, specialized regional industries, etc.</b>	30%	<b>Large-scale employment, specialized regional industries, etc.</b>	40%(50%)



- 2) The central government's funding ratio for opportunity and development zones and regions outside the Seoul metropolitan area is raised by 10%p.

**Ratio of Central-Local Government Funds for Foreign Investment Cash Grant**

Current		Revised (Figures in brackets are for 2025 only)	
Seoul Metropolitan Area	30:70	Seoul Metropolitan Area	30:70
Outside the Seoul Metropolitan Area	60:40	Outside the Seoul Metropolitan Area	70:30
Opportunity Development Zone	70:30	Opportunity Development Zone	80:20

\* The ratio of central government funds can be raised (however, within the limit of 80%) for advanced industry/R&D (10%p) and national strategic technology / advanced strategic technology (20%p)

**• Opportunity Development Zone – Package Support by Designating Separate Quarters outside the Seoul Metropolitan Area (p.107-109 📄)**

- If designated as an opportunity development zone regarding FDI, the corresponding area is not included in the area upper limit\* by city/province and this applies retroactively to previous investments\*\*

\* [Metropolitan City] 4.95 km<sup>2</sup> (1.5 million pyeong) / [Province] 6.6 km<sup>2</sup> (2 million pyeong)

\*\* Example) Local government A can receive opportunity development zone designation for areas pre-designated for foreign-invested companies (100,000 pyeong), and the designated area is not included in the area upper limit when new foreign-invested companies are designated as development zone designation in the future.

**<Opportunity Development Zone Incentive> (Reference)**

- [Tax Support] Reduction and exemption of income and corporate taxes for start-ups (including workplace establishment) (100% for 5 years + 50% for 2 years), reduction and exemption of acquisition tax by 75%, property tax by 75% for 5 years when constructing or expanding factories, etc.
- [Financial Support, Etc.] 5%p increase in grant support ration for local investment promotion, 100% reduction in development charge
- [Improvement of Settlement Conditions] Special provision of private housing for corporate workers, additional points given when selected eligible for support for installation of shared workplace daycare centers

# Visa

**• Establishment of Start-up Korea Special Visa (p.81 📄)**

- A new innovative visa system to attract promising startups overseas
- For issuance of the visa, the quantitative requirements are minimized and the business feasibility and innovativeness (qualitative requirements) of overseas start-ups seeking to enter the Korean market are assessed.

**Startup Visa Issuance Requirements**

**Existing Technology Startup Visa (D-8-4)**

- ① Domestic or overseas bachelor's degree holder with OASIS program score of 80 points or higher\* satisfying at least 1 essential requirement  
\* Intellectual property rights holder/applicant, investment attraction, etc.
- ② Inclusion in K-Startup Grand Challenge TOP20
- ③ Selection for government's startup support program (KRW 30 million or more)

vs

**Startup Korea Special Visa (D-8-4(S))**

Obtain recommendation letter from the Ministry of SMEs and Startups following the evaluation of business feasibility and innovation by a private evaluation committee

# Labor

## • Increase of Minimum Wage (p.168 📄)

Before	After
<ul style="list-style-type: none"><li>• Hourly wage of : KRW 9,860</li><li>• Monthly conversion : KRW 2,060,740</li></ul> <small>* Applied as of 2024/Based on 209 work hours</small>	<ul style="list-style-type: none"><li>• Hourly wage of : KRW 10,030</li><li>• Monthly conversion : KRW 2,096,270</li></ul> <small>* Applied as of 2025/Based on 209 work hours</small>

## • Revision of Three Laws Supporting Childcare for Work-Family Balance (p.173-174 📄)

	Current	Revised (enforced as of Feb. 23, 2025)
Reduction of working hours for period of pregnancy	Applicable within the first 12 weeks of pregnancy or after the 36th week of pregnancy	Applicable within the first 12 weeks of pregnancy or after the 32nd week of pregnancy
Paternity Leave	10 days	20 days
Criteria of children for the reduction of working hours for periods of childcare	8 years old or younger, or in grade 2 or lower in elementary school	12 years old or younger, or in grade 6 or lower in elementary school

# Management Support

## 📄 Moving into IKP Business Incubating Facilities

### • Qualifications & Costs (p.133-134 📄)

	Current	Revised
Qualifications	• A foreign investor planning to notify investment or an existing foreign-invested company whose FDI amount on arrival within 1 year of move-in is at least KRW 100 million	• A foreign investor who <b>completed foreign investment notification</b> or existing foreign-invested companies whose <b>investment arrival amount within 1 year of move-in is KRW 100 million or more</b>
Monthly Rent and Maintenance Fee	• KRW 33,000/㎡ (VAT included), Deposit: 6 months' worth of rent	• KRW 31,153/㎡ (VAT not included), Deposit: 6 months' worth of rent

## 📄 Employment Support for Foreign-Invested Company

### • (Professionals) Meet-up Day for Advanced Industry Professionals (p.135 📄)

Hosting of events to support recruiting professional personnel for foreign-invested companies in the advanced industry sector in collaboration with major domestic universities.

### • Period/Location: 3-4 times a year / Universities nationwide

### • Main Content

- Recruitment Briefing Session: Introduction of foreign-invested companies and recruitment plan guide
- Recruitment Consultation Session: 1:1 job consultation between foreign-invested companies and job seekers

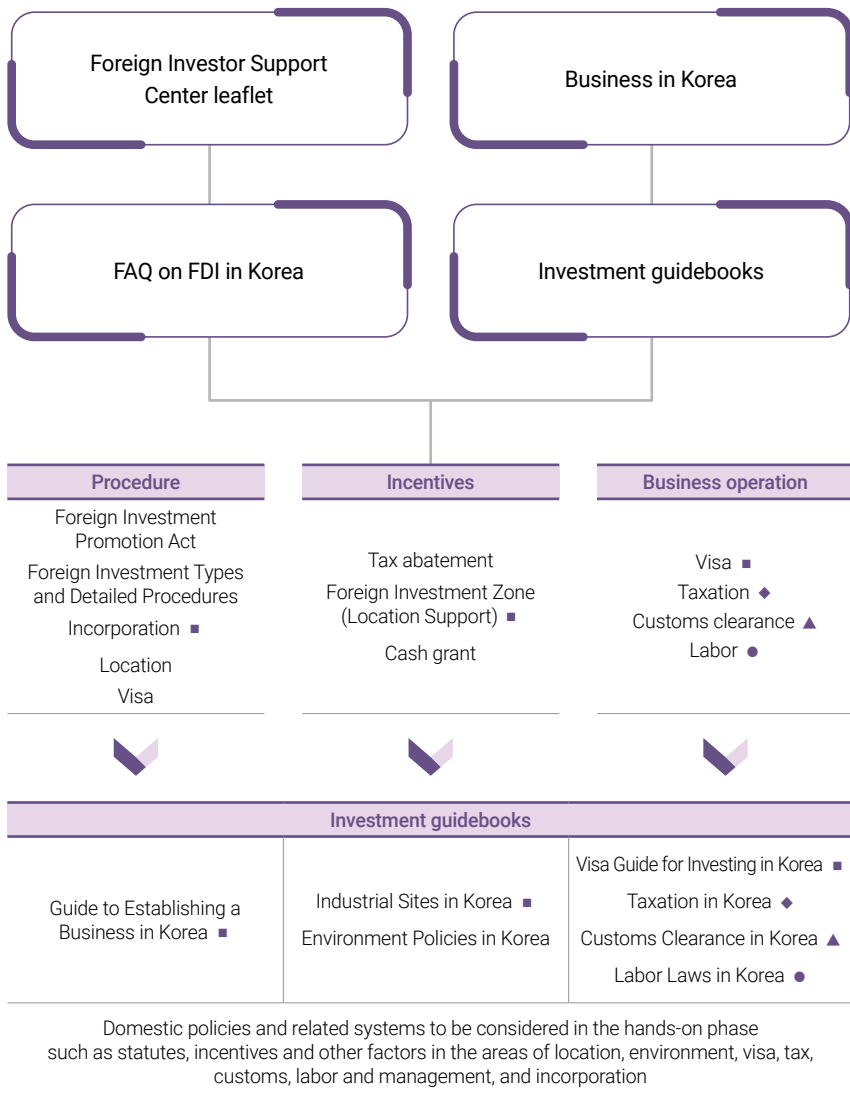


# KOTRA's FDI Related Publications



## Information needed in the investment execution stage after deciding investment

Provided by the Foreign Investor Support Center



※ The above publications can be downloaded from the Invest KOREA website  
[www.investkorea.org](http://www.investkorea.org) ⓘ ▶ About Us ▶ Publication

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

### Why KOREA

Korea's economic fundamentals, information on investment environment  
(provided online through the IK website)

Provided by the Investment  
Promotion Team

### IR by industry

We provide information on Korea's promising industries, global competitiveness, key policies for each industry, location information, etc. as online content on the Invest KOREA website

Investment Promotion Team

1. Tourism  
2. Finance  
3. Machinery industry  
4. Display  
5. Cultural content

6. Logistics  
7. Semiconductors  
8. Renewable energy  
9. Drugs and biology  
10. Automobile parts

11. Fine chemistry  
12. ICT  
13. Marine shipbuilding  
14. Aerospace  
15. Robotics

16. Batteries  
17. Consumables

### Guide to the cash grant system

Introduction to the Foreign Investment  
Cash Grant System  
Investment Collaboration Support Team

### Invest KOREA promotional brochure

Introduction to Invest KOREA and government  
efforts to attract FDI (support for developing  
investment projects, FDI attraction services, etc.)  
Investment Promotion Team

### Invest KOREA Magazine

Korean economy, trade issues, industry trends,  
foreign-invested company interview, investment  
site information, FAQ for investors, etc.  
Investment Promotion Team

※ The above publications can be downloaded from the Invest KOREA website  
[www.investkorea.org](http://www.investkorea.org)  About Us  Publication





# Procedure

- ① Foreign Investment Promotion Policy
- ② Types of Foreign Direct Investment
- ③ Procedure by Type of Investment
- ④ Incorporation
- ⑤ Industrial Sites
- ⑥ Visa



# Foreign Investment Promotion Policy



- Liberalization of FDI
- Restricted Business Categories
- 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.

## 1 Liberalization of FDI

The Republic of Korea is a country which welcomes foreign direct investment and has a foreign investment promotion policy focusing on investor support. Foreign investors and foreign-invested companies can conduct business in Korea without restraint, except as otherwise prescribed by law.



Rate of Liberalization of FDI

## 2 Restricted Business Categories

Out of a total of 1,205 business categories listed under the Korean Standard Industrial Classification (KSIC) (11th revision), FDI in Korea is permitted in 1,144 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 30 categories and there are three prohibited business categories - nuclear power generation, radio broadcasting, and terrestrial tv broadcasting.

※ Businesses Prohibited from Foreign Investment (Appendix1\_ p.192 ) , Businesses Restricted from Foreign Investment and Criteria for Permission (Appendix2\_p.194 )

※ Related law : Rules on Foreign Investment  (Public Notice no. 2024-148 of the Ministry of Trade, Industry and Energy)

## 3 Foreign Investor Protection

### 1 ... 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.

### 2 ... 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.

### 3 ... Exceptions to the Safeguard Clause on Foreign Exchange Transactions

For foreign exchange and overseas transactions of foreign exchange, 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, this provision is not applied to foreign investment.

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




## 4 ... 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 (3) of the Foreign Investment Promotion Act 

# 4 FDI Incentives

※ Refer to Part 2. Incentives for more detailed information (p.84) 

## 1 ... The Roles 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 potential economic growth. Korea seeks to upgrade its industrial 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.

## 2 ... FDI Incentives

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

### IN DETAIL



#### Korea's Incentive Policies for FDI Attraction

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]

### 3 ... Summary of FDI Incentives



#### Tax Reduction and Exemption (p.86)

Foreign-invested companies operating in new growth engine industries with technology essential for upgrading the domestic industrial structure and strengthening international competitiveness, or those located in a foreign investment zone, are granted reduction/exemption of customs duties and local tax. In addition, income tax is reduced or exempted for foreign engineers and employees prescribed by the relevant law.



#### Cash Grant (p.112)

Where a foreigner operates in a new growth driver industry prescribed by law or the parts and materials industry, or makes an investment that creates jobs or an investment that accompanies the installation of R&D facilities in the new growth driver industry, cash grants for purposes prescribed by law shall be provided.



#### Site Support (p.102)

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 reduction/exemption, and location support, among other incentives.



#### Additional Incentives

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

# Types of Foreign Direct Investment



## Forms of Foreign Direct Investment



The forms of Foreign Direct Investment (FDI) defined in the Foreign Investment Promotion Act include cases where a foreigner acquires stocks of a domestic company or contributes to a non-profit corporation, and cases where an overseas parent company provides long-term loans to a domestic company in which it has already invested.

In addition, cases where a foreign investment company uses its unappropriated retained earnings to build or expand its own factories may be recognized as foreign investment. The objects of investment that foreigners can invest in to acquire stocks, etc. include foreign currency, capital goods, and industrial property rights.

# 1 Forms of Foreign Direct Investment

## 1 ... Acquisition of Equity Shares

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

Investment of KRW 100 million or more



Ownership of 10% or more of voting shares, etc.

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

Both new or existing shares may be acquired

### IN DETAIL

#### Exceptions to the requirements for equity share acquisition

Even when a foreigner invests KRW 100 million or more but acquires less than 10% of the equity shares of a domestic company, it shall be treated as foreign direct investment if the foreigner assigns or appoints an executive to the domestic company.

## 2 ... Long-term Loans

Loans with maturity of at least five years provided to a foreign-invested company by the foreign investor of the foreign-invested company or a company with capital investment relationship with the foreign investor

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

※ Calculation of loan period: The sum of 'the partial 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% 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% 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% of the total number of issued stocks or the total equity investment of its OPC
  - An entity of which 50% or more of its total issued stocks or total equity investment is owned by its overseas parent company or a company of which 50% 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% of the total issued stocks or total equity investment is held by an individual foreign investor who owns at least 50% of the foreign-invested company's total issued stocks or total equity investment

### 3 ... 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% or more of the total amount and where the following conditions are met.

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 three years' experience in research, or with a master's degree or higher in a field of science and technology
- 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, 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, 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

### 4 ... Reinvestment of Unappropriated Retained Earnings

Investment of a foreign-invested company's unappropriated retained earnings for certain purposes such as construction or expansion of a factory

#### **Foreign direct investment by using unappropriated retained earnings**

① **A foreign-invested company applies (uses) its unappropriated retained earnings to the construction of a new factory or expansion of its factory or to any of the purposes stipulated in Presidential Decree**

- In such case, the foreign-invested business is considered to be a foreigner, and the foreign investment amount shall 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 expansion of place of business or research facility (manufacturing business): When a 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 expansion of place of business or research facility (non-manufacturing business): When a 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 place of business or research facility, or intends to purchase capital goods or research equipment needed to operate the business.



## Key Terms

### ◆ Foreigner(s)

- **Individual(s)** with foreign nationality
- **Corporation (foreign corporation)** founded under the statute of a foreign country
- **International economic cooperation organizations** prescribed by Presidential Decree  
(Examples: IBRD, ADB, IFC)
- A citizen of the Republic of Korea **who has acquired permanent residency in a foreign country**  
Note: Permanent residents must also invest using foreign currency funds introduced from overseas.

### ◆ 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 **company** or **NPO** in which a foreign investor invested or contributed

### ◆ Objects of investment

- **Any object (means of investment)** 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 means of **domestic payment (national currency)** incurred by international payment
    - \* Foreign currency inflow principle
  - ② **Capital goods**
    - \* Customs clearance and certification of completion 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
    - \* Price appraisal by an appraisal agency is required.
  - 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 also allowed.
  - ⑦ Equity shares or stocks prescribed by Presidential Decree
    - \* Stocks of foreign corporations listed or registered on foreign stock markets
    - \* Stocks held by foreigners pursuant to the Foreign Investment Promotion Act or Foreign Exchange Transactions Act
  - ⑧ **Real estate** in Korea (real estate 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 accepted.

## Frequently Asked Question & Answer



Q1

**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?**

A1

Even if a company that registered as a foreign-invested company no longer satisfies the FDI conditions due to transfer of shares or capital reduction, its 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.

Q2

**When a foreigner acquires stocks issued by a domestic company and the value of the acquisition is less than KRW 100 million, are related notifications unnecessary?**

A2

Where the investment amount is less than KRW 100 million and therefore it 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.

Q3

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

A3

The loan period shall be calculated by considering the grace period and repayment period, and in case of installment repayment, the repayment period shall be calculated by multiplying the proportion of the repayment amount to the total loan amount by the installment repayment period and adding up the numbers.

⇒ 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

**Q4****Are non-voting preferred stocks included in the ratio of foreign investment?****A4**

Investment in non-voting preferred stocks is not recognized as FDI which requires notification since foreign investors must acquire at least 10% 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.

**Q5****Is it considered foreign direct investment when a foreign-invested company invests in another domestic company?****A5**

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.

**Q6****Investment associations, such as venture capital associations, are considered non-corporate organizations since they are associations without a legal personality. If a foreigner acquires 10% or more of the investment association's shares, does this constitute FDI as prescribed by the Foreign Investment Promotion Act?****A6**

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.

\* Article 64 of Venture Investment Promotion Act , Article 53 of the Act on Special Measures to Strengthen Competitiveness and Stabilize Supply Chain of Materials, Components, and Equipment Industry , Article 24 of the Act on Formation and Operation of Agricultural, Fisheries and Food Investment Funds, etc. 

\*\* Venture Investor Association, Private Goods Indirect Venture Investment Association, Specialized Parts, Materials, Parts, and Equipment Specialized Investment Association, Agricultural and Food Investment Association, etc.



# Procedure by Type of Investment

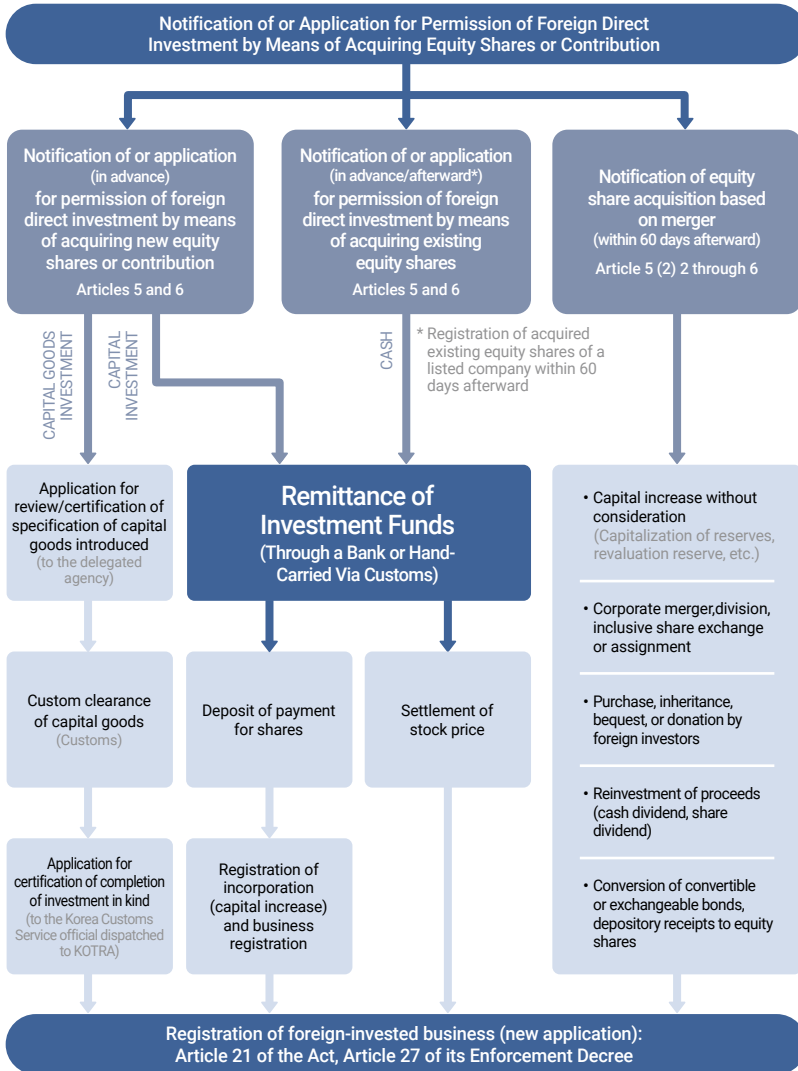


- Incorporation
- Capital Increase
- Acquisition of Existing Stocks
- Long-Term Loan
- Reinvestment of Unappropriated Retained Earnings



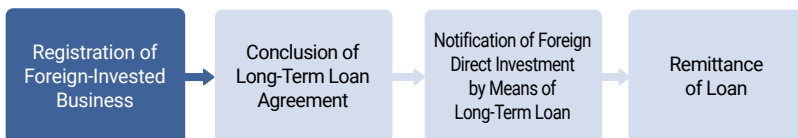
## Foreign Direct Investment Procedures

### • Equity share acquisition (new or existing shares)



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

### • Long-term loan



# 1 Incorporation

## 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

## 1 ... Foreign Direct Investment Notification

A foreign investor is required to pre-notify the FDI to KOTRA (Includes KOTRA's Foreign Investor Support Center and overseas investment hub offices) or a foreign exchange bank.

### DOCUMENTS

#### 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: Foreign Investor Support 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 (KIAT), Korea Technology Finance Corporation (KOTEC), Korea Planning & Evaluation Institute of Industrial Technology (KEIT), Korea Environment Corporation (K-eco), Korean Agency for Technology and Standards (KATS), 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](#) , Article 39 (2) of its Enforcement Decree and Article 4 of the [Enforcement Decree of the Special Act on the Promotion of Venture Business](#) 

## 2 ... 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 with less than KRW 1 billion of capital, 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 done in foreign currency and the purpose of the remittance should be stated 'investment'.

## 3 ... Registration of Incorporation

The registry division in the court accepts the application for 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.45) 


## 4 ... Authorization and Permission

Where deemed necessary for business, a foreign investor must acquire authorization or 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.46) 


## 5 ... Notification of Incorporation and Business Registration

Every tax office accepts notification of incorporation and business registration regardless of the jurisdiction. They should be done within 20 days of the business commencement date.

- ※ Application for business registration can be submitted to the KOTRA Foreign Investor Support Center (approval: tax office)
- ※ See PART 4. Incorporation ▶ Incorporation procedure ▶ 05. Notification of Incorporation and Business Registration (p.46) 

## 6 ... Opening of Corporate Bank Account

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


- ※ See PART 4. Incorporation ▶ Incorporation procedure ▶ 06. Opening a Corporate Bank Account (p.46) 

## 7 ... 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.

### DOCUMENTS

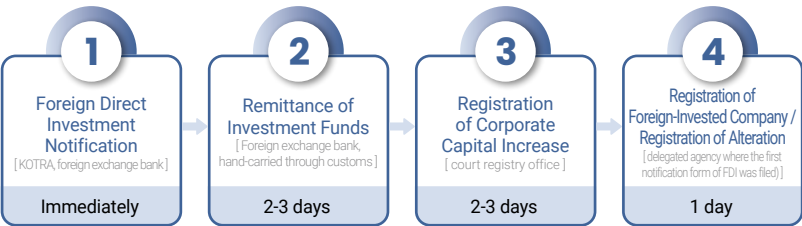
#### Registration of Foreign-invested Company

- 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

## 2 Capital Increase

### Foreign Direct Investment Process



## 1 ... Foreign Direct Investment Notification

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

## 2 ... Remittance of Investment Funds

Proceed in the same way as the incorporation procedure.

## 3 ... 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 shall be undertaken at KOTRA or at a foreign exchange bank where the documents from the Online Registry of the Supreme Court.

## 4 ... 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 a foreign exchange bank) as the last step of the FDI registration process.

### DOCUMENTS

#### 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 Foreign Investor Support Center (1600-7119)

#### Registration of Capital Increase (Registration of Change of Corporation)

- Online Registry of the Supreme Court [www.iros.go.kr](http://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)

#### Registration or registration of change of a foreign-invested company

- 1 copy of the application form

(1 copy of the application form 📄 : Application for registration of a foreign-invested company)

- Copy of incorporation registration certificate / foreign currency purchase certificate / shareholder's list / business registration certificate

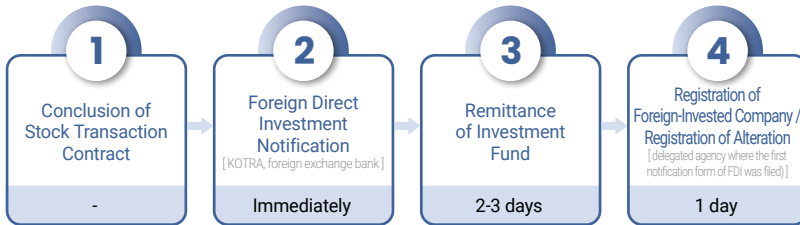
\* Where an agent files an application: Power of attorney and the agent's identification

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

※ Contact: KOTRA Foreign Investor Support Center (1600-7119)

### 3 Acquisition of Existing Stocks

#### Foreign Direct Investment Flowchart



#### 1 ... Conclusion of Contract

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

#### 2 ... Foreign Direct Investment Notification

A foreign investor is required to pre-notify FDI to the Foreign Investor Support Center at KOTRA headquarters, overseas investment base trade office, or at a foreign exchange bank.

#### 3 ... Remittance of Investment Funds

Payment of investment funds through a domestic bank.

#### 4 ... Registration of Foreign-invested Company or Registration of Change

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.

#### DOCUMENTS

##### Notification of FDI through 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)

※ Contact: Foreign Investor Support Center (1600-7119)

## 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)

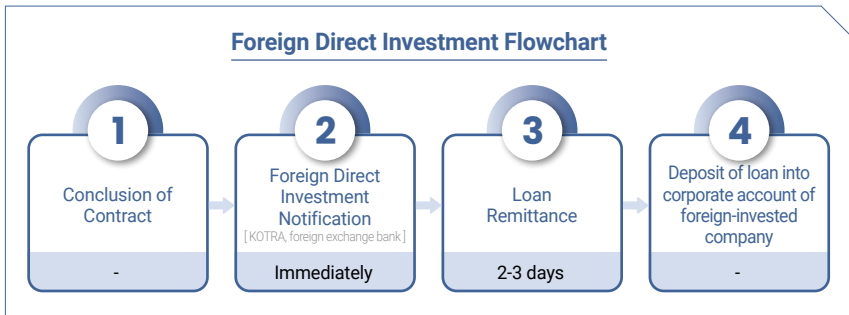
- Incorporation registration certificate / Foreign currency purchase certificate / Shareholder's list / Copy of business registration

\* Where an agent files an registration: 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: Foreign Investor Support Center (1600-7119)

## 4 Long-Term Loan



## INFORMATION



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

### 1 ... Conclusion of Contract

A long-term loan contract is signed between the loan provider (foreign investor or foreign company with investment relations with the investor) and the foreign-invested company.

### 2 ... Foreign Direct Investment Notification

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

### 3 ... Remittance of Loan

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



## 4 ... Deposit

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

### DOCUMENTS

#### Notification of FDI Through Long-term Loans

- 2 copies of the notification form

(Attached Form 2 of the Enforcement Rules of the Foreign Investment Promotion Act ②: 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: Foreign Investor Support Center (1600-7119)



## 5 Reinvestment of Unappropriated Retained Earnings



### 1 ... Establishment of Investment Plan

Foreign-invested company (declarant) establishes a usage plan for unappropriated earned surplus and produces an investment plan.

※ The notification form prepared based on the overview of Investment Plan is examined by KOTRA in advance.

### 2 ... Notification of Foreign Direct Investment

A notification of foreign direct investment should be made to the KOTRA Foreign Investor Support Center in advance.

※ Amount recognized as unappropriated retained earnings = Amount of unappropriated retained earnings to be invested X Foreign investment ratio

### 3 ... Execution of Investment

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

#### DOCUMENTS

##### When notifying foreign investment through reinvestment of unappropriated retained earnings

- 2 copies of the notification form

(Attached Form 2-2 of the [Enforcement Rules of the Foreign Investment Promotion Act](#) ② : Notification of foreign investment through reinvestment of unappropriated retained earnings and notification of change )

- Overview of Investment Plan through Use

(Attached Form 2-3 of the [Enforcement Rules of the Foreign Investment Promotion Act](#) ②)

- Audit report of financial statements (external audit report)
- Statement of appropriation of retained earnings for the most recent settlement period
- Copy of foreign-invested company registration

※ For further information: KOTRA Foreign Investor Support Center (1600-7119)

## ◆Pre- and Post-notification

Category	Notification	Note
Pre-notification	<ul style="list-style-type: none"> <li>Notification of foreign investment by acquisition of stocks or contribution and application for approval</li> <li>Notification of change of foreign investment by acquisition of stocks or contribution and application for approval</li> </ul>	Acquisition of new/existing stocks or contribution (In case of investing in a defense industry company, a request for authorization to the Ministry of Trade, Industry and Energy should be filed)
	Notification of investment in the form of a long-term loan and notification of information change	-
	Notification of investment by using unappropriated retained earnings and notification of information change	Foreign-invested companies notify to KOTRA Foreign Investor Support Center
Post-notification	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 <ul style="list-style-type: none"> <li>Acquisition of stocks issued by a listed corporation</li> <li>Acquisition by capital increase without consideration such as capitalization of reserves, revaluation reserves, etc. of a foreign-invested company</li> <li>Acquisition by corporate merger/split, all-inclusive stock exchange/transfer</li> <li>Investment of proceeds (dividend) from acquired stocks</li> <li>Acquisition by foreigner's purchase, inheritance, testation, donation</li> <li>Acquisition by stock conversion, exchange and buyout of Convertible Bond (CB), Exchangeable Bond (EB) and Depository Receipts (DR)</li> </ul>	Within 60 days of the date of the acquisition

⇒ Depending on what is notified, FDI notification is classified into pre-notification (prior to stock acquisition) and post-notification (notification after stock acquisition).

## ◆Steps to be Taken when Changes Occur during Business Operation

When a change occurs during business operation, notification of change and registration should be filed on the following matters.

Change	Incorporation registration certificate	Business registration certificate	Certificate of foreign invested company registration
Company Name	○	○	○
Address	○	○	○
Capital/ Investment Amount	○	—	○
Investment Ratio	○ (Restricted to cases of capital change)	—	○
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. If not, a fine will be imposed.

## ◆ Changes to the Registration of a Foreign-Invested Company

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

A foreign investor 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 the cause of change. However, if investment notification is required, the change of information shall be registered afterward.

### ② Cancellation of Foreign-Invested Company Registration

The registration of a foreign-invested company must be 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




### Example of reasons for change registration

- Where equity shares are acquired through merger, bonus issue, etc.
- Where equity holding or investment ratio is changed by transfer of equity shares by a foreign investor or capital reduction
- Where the equity holding or investment ratio of the foreign investor is changed by capital increase by a Korean national
- Where the trade name, name, or nationality of the foreign investor or foreign-invested company is changed
- Where 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: [Article 21 \(3\) of the Foreign Investment Promotion Act](#) 

## DOCUMENTS

### Notification of changes in the registration of foreign-invested company

- 1 copy of application  
(Form No. 17: Application for registration of foreign-invested company, attached to the Enforcement Rules of the Foreign Investment Promotion Act )
- 1 copy of documents proving changes
- Original copy of registration of foreign-invested corporation

\* Registration by proxy: Power of attorney and ID card of the proxy

## Frequently Asked Question & Answer



Q1

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?

A1

It is possible to change the foreign-invested company management institution, which is referred to as a change in the delegated agency. A foreign-invested company that intends to change its delegated authority should prepare an application for change\* of delegated authority and apply to the original delegated authority. To file an application, use attached Form 2 of the rules on handling of foreign investment matters (application for change of delegated agency).

\* Download [www.investkorea.org](http://www.investkorea.org)  Services ► Forms

Q2

What measures should be taken if there are changes in the notified matters or if the investment plan is canceled?

A2

Where there are changes in the foreign investment plan, a report of change of FDI notification (including cancellation of notification) can be filed.

Q3

Is it possible to make an FDI notification online?

A3

Online notification is currently not available, but KOTRA's overseas investment hub offices provide FDI notification service for the convenience of investors. A list\* of KOTRA's overseas investment hubs is provided on the Invest KOREA website.

\* List of KOTRA's overseas investment hub offices [www.investkorea.org](http://www.investkorea.org)  About Us ► About Invest KOREA

PART 3

# Procedure by Type of Investment

# Incorporation



- Types of Corporations
- Forms of Corporations
- Incorporation Procedure
- Difference Between Individual and Corporate Business Operators
- Acquisition of Real Estate










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 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

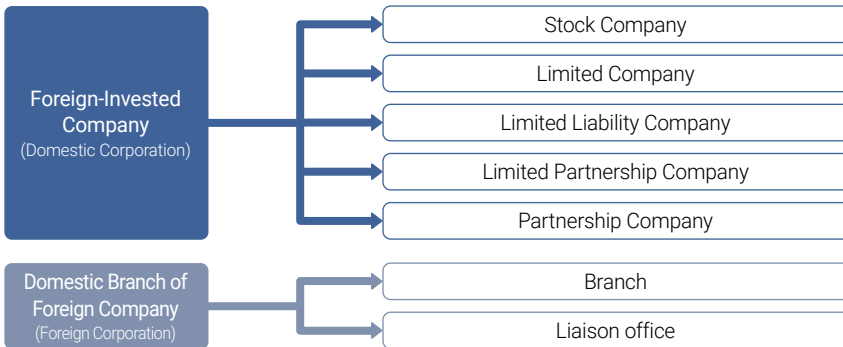
Category	Foreign-Invested Company	Domestic Branch	Liaison Office
Governing law	Foreign Investment Promotion Act 	Foreign Exchange Transaction Act 	Foreign Exchange Transaction Act 
Type of corporation	Domestic	Foreign	Foreign
Recognized as FD	Yes	No	No
Company name	No restrictions	Must be identical to 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, and can only engage in liaison operations
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	Independent 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.142) 		None
Taxable income	Total income based on all profit made in Korea and overseas by the domestic corporation	Total profit based on domestic source income of the domestic branch. Branch tax should be paid in some countries.	None
Tax benefits	Tax benefits for foreign-invested company and small and middle-sized business according to the <a href="#">Act on Restriction on Special Cases Concerning Taxation</a> 	None	None

\* 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]   
Declaration of acquisition of securities as prescribed by the Foreign Exchange Transaction Act. 



## 1 Types of Corporations

Where a foreigner invests at least KRW 100 million with the goal of participating in business operations or acquires at least a 10% 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.



## 2 Forms of Corporations

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.

### 1 ... Stock Company

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

### 2 ... 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
<b>Purpose</b>	Suitable for a large company, easy to invite multiple shareholders	Suitable for small and mid-sized business, comprised of small number of persons with mutual trust
<b>Minimum Investment Amount</b>	No restrictions (Exception: At least KRW 100 million for FDI)	Same as left
<b>Equity Unit</b>	At least KRW 100	Same as left
<b>Capital Transfer</b>	No restrictions	Approval at general meeting required
<b>Issuance of Bonds</b>	Possible	Impossible
<b>Board of Directors</b>	Yes	No
<b>Number of Directors</b>	At least 3 directors (at least 1 director when total capital is less than KRW 1 billion)	At least 1 director
<b>Auditors</b>	Required (Except when total capital is less than KRW 1 billion and a non-investment executive is listed)	Not required
<b>Possibility of Listing</b>	Yes	No

## IN DETAIL



### Companies 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 satisfies 2 or more of the following 4 requirements

#### ② Limited Company

- For companies with at least KRW 50 billion in total assets or sales at the end of the preceding business year
- Company that satisfies 3 or more of the following 5 requirements
- A limited company is more likely to be exempted from external audit since more requirements need to be met.

※ Article 5 (2) of the [Enforcement Decree of the Act on External Audit of Stock Companies](#)

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

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)

## Frequently Asked Question & Answer

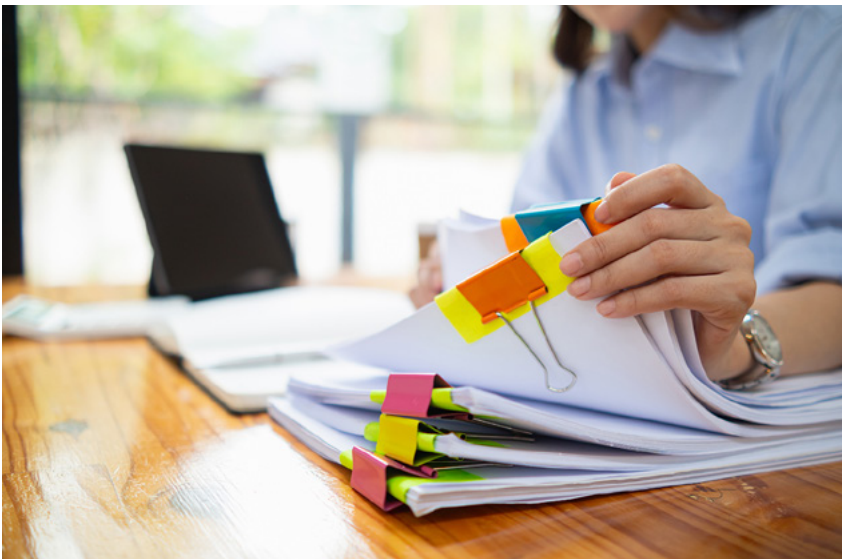


Q1

**What kind of visas can foreigners receive when they are dispatched to a domestic branch of a foreign-invested company or a foreign company?**

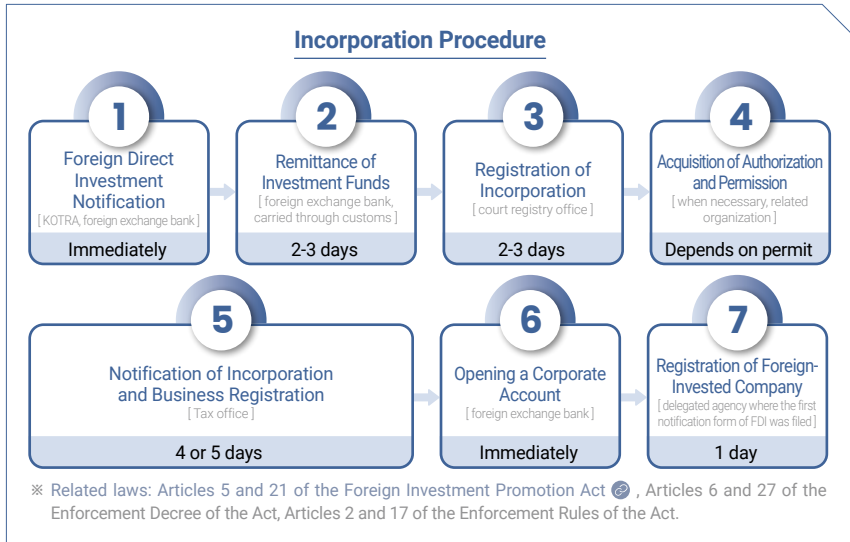
A1

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 foreign-invested company, as prescribed by the Foreign Investment Promotion Act. A dispatch (D-7) visa is issued to indispensable professional 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.



### 3 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 the completion of the incorporation procedure, and an application for residence visa can be filed after completing registration of a foreign-invested company.



Some of the required documents must be apostilled, and the signatory nations of the Apostille treaty are as follows. In the case of non-signatory nations, a notarization of the Korean consulate located in the country is required after obtaining general notarization.

#### DOCUMENTS

##### 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

\* Documents other than the passport should be apostilled or notarized by a consulate after receiving a general notarization.

##### 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

## ◆ Signatory Nations to the Apostille Treaty

<b>Asia/ Oceania</b> 22 nations	Australia, Brunei Darussalam, Cook Islands, Fiji, India, Indonesia, Japan, Marshall Islands, Mauritius, Mongolia, New Zealand, Niue, Pakistan, Palau, People's Republic of China (including Mainland, Macao, and Hong Kong), Republic of Korea, Samoa, Singapore, Tajikistan, The Philippines, Tonga, Vanuatu
<b>Europe</b> 52 nations	Albania, Armenia, Andorra, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, North Macedonia, Malta, Monaco, Montenegro, Northern Republic of Moldova, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, Türkiye, United Kingdom of Great Britain and Northern Ireland, Uzbekistan, Ukraine
<b>North America</b> 2 nations	Canada, United States of America (including Guam, Maui, Saipan, Puerto Rico)
<b>Central &amp; South America</b> 31 nations	Antigua and Barbuda, Argentina, Barbados, Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, Venezuela
<b>Africa</b> 14 nations	Botswana, Burundi, Cape Verde, Lesotho, Liberia, Malawi, Namibia, Sao Tome and Principe, Rwanda, Senegal, Seychelles, South Africa, Swaziland, Tunisia
<b>Middle East</b> 5 nations	Bahrain, Israel, Morocco, Oman, Saudi Arabia
<b>Total</b>	128 nations (As of June 5, 2024)

\* Source: Ministry of Foreign Affairs' safe overseas travel portal [www.0404.go.kr](http://www.0404.go.kr) 

※ Country where the Apostille Convention is scheduled to come into effect – Bangladesh (March 30, 2025)


## 1 ... Foreign Direct Investment Notification

A foreign investor is required to pre-notify the FDI to KOTRA (Includes KOTRA's Foreign Investor Support Center and overseas investment hub offices) or a foreign exchange bank.

### DOCUMENTS

#### 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 Foreign Investor Support 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 (KIAT), Korea Technology Finance Corporation (KOTEC), Korea Planning & Evaluation Institute of Industrial Technology (KEIT), Korea Environment Corporation (K-eco), Korean Agency for Technology and Standards (KATS), 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 Special Act on the Promotion of Venture Businesses](#)

## 2 ... Remittance of Investment Funds

The foreign investor may wire-transfer the investment funds to a temporary account of a local foreign exchange bank in Korea or hand-carry foreign currency. In the latter case, the foreign currency should be declared to the customs to obtain a foreign exchange declaration certificate. As a rule, the remitted investment funds should be paid to acquire equity shares, etc. based on the given procedure, and the certificate of deposit of payment for shares should be submitted to the court. In case of a company with paid-in capital of less than KRW 1 billion, however, a bank account balance certificate may be submitted to the court after opening an account at a local bank under the name of the investor. The funds may be withdrawn from such bank account freely for business purposes starting from the next day.

## IN DETAIL



### 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 the country of the foreign investor or the investor's passport). The documents required may vary by bank. The funds should always be remitted in foreign currency, and the purpose of remittance should be stated as investment.

## 3 ... Registration of Incorporation

The registry division of 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 online registry of the Supreme Court.

### DOCUMENTS

#### Registration of Incorporation

\* Online Registry of Supreme Court [www.iros.go.kr](http://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 (1544-0770)

## 4 ... Authorization and Permission

Where deemed necessary for business, a foreign investor must acquire the relevant authorization and permission from the competent authorities such as the District office, local public 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, food import and sales, 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 foreign patients, import of liquor, job placement

## 5 ... Notification of Incorporation and Business Registration

Every tax office accepts notification of incorporation and business registration regardless of the jurisdiction. They should be done within 20 days of the business commencement date.

※ Application for business registration can be submitted to the KOTRA Foreign Investor Support Center (approval: tax office)

### DOCUMENTS

#### 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: Corporate Tax Division of the National Tax Service (dial 126)

## 6 ... 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.

### DOCUMENTS

#### 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

## 7 ... 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](http://www.investkorea.org) ▶ Investment Guide ▶ Investment Procedure ▶ Forms
- Registration of incorporation  
Online Registry of Supreme Court [www.iros.go.kr](http://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](http://www.moleg.go.kr) ▶ Search ▶ Enforcement Rule of the Corporate Tax Act ▶ Attached forms

### DOCUMENTS

#### 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 registration certificate
- \* Where an agent files an application: Power of attorney and the agent's identification



## INFORMATION



### ◆ Cost of Incorporation

Examples of incorporation in overconcentration control zones including Seoul Metropolitan area (with capital of KRW 100 million)

Category	Amount (KRW)	Notes
Registration and license tax	1,200,000	0.4% of the paid-in capital (tripled when a company is established in an overconcentration control area)
Local education tax	240,000	20% of the registration license tax
Revenue stamp	25,000	Fee for 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

- ❶ Seoul Metropolitan City
- ❷ Incheon Metropolitan City [except Ganghwagun, Ongjin-gun, Daegok-dong-Bulldong-Majeondong, Geumgok-dong-Oryudong-Wanggil-dong-Dangha-dong-Wondangdong in Seo-gu, Incheon Free Economic Zone (including the areas that lost their status as a free economic zone) and Namdong national industrial complex]
- ❸ Uijeongbu-si ❹ Guri-si
- ❺ Namyangju-si [Hopyeong-dong, Pyeongnae-dong, Geumgok-dong, Ilpaedong, Ipaedong, Sampae-dong, Gaun-dong, Suseok-dong, Jigeum-dong and Donong-dong]
- ❻ Hanam ❼ Goyang ❽ Suwon ❾ Seongnam ❿ Anyang
- ⓫ Bucheon ⓬ Gwangmyeong ⓭ Gwacheon ⓮ Uiwang ⓯ Gunpo
- ⓱ Siheung [except Banwol special area (including the areas that lost their status as Banwol special area)]

\* Source: Ministry of Government Legislation ([www.moleg.go.kr](http://www.moleg.go.kr)) ⇒ Search ⇒ Enforcement Decree of the Seoul Metropolitan Area Readjustment Planning Act ⇒ Form 1

## 4 Difference Between Individual and Corporate Business Operators

Corporations obtain legal personality through the registration of incorporation through the competent registry office, but individual businesses can commence business by applying for business registration at the district tax office. 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%	9~24%
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.

## 5 Acquisition of Real Estate

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 include acquisition tax, property tax, and comprehensive real estate tax.

### **Laws Related to Real Estate Acquisition by 'Foreigners, etc.'**

Division	Act on Report of Real Estate Transactions, Etc.	Foreign Exchange Transactions Act (Real Estate)	Foreign Investment Promotion Act
Acquirer	<ul style="list-style-type: none"> <li>• Definition of 'Foreigner, etc.' <ul style="list-style-type: none"> <li>- Foreign national individuals</li> <li>- Foreign corporations</li> <li>- Corporations or organizations where more than half of the employees, members, or executives are foreign national individuals</li> <li>- Corporations or organizations where foreign national individuals or foreign corporations hold more than half of the shares or more than half of the voting rights</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Non-residents</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign-invested company</li> <li>cf) If a domestic corporation becomes a foreign-invested company, more than half of which is owned by foreigners, it will be considered a 'foreigner, etc.', and if it continues to hold real estate it has held, it must report 'continuous possession' within 6 months</li> </ul>
Applicable Parties	Acquisition contracts for real estate, etc. (Real estate transaction report, report on acquisition of real estate by foreigners, etc.)	In case of acquisition with funds carried in or remitted from abroad, etc. (Real estate acquisition report)	In case of acquisition by bringing in funds from overseas to a foreign-invested company (Foreign investment notification)
Where and When to Report	<ul style="list-style-type: none"> <li>• Land registration office of the city, county, or district where the land is located</li> <li>• Transaction report (all parties of transaction) <ul style="list-style-type: none"> <li>- Within 30 days from the date of contract conclusion</li> </ul> </li> <li>• Report on acquisition of real estate by foreigners, etc. <ul style="list-style-type: none"> <li>- Acquisition contracts (donations, etc.) under Article 8 (1): Report within 60 days</li> <li>- Acquisition (inheritance, auction, merger, etc.) under Paragraph 2: Report within 6 months</li> <li>- Continued possession under Paragraph 3 (Korean nationals or corporations changing to 'foreigners, etc.'): Report within 6 months</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Foreign exchange bank head office/branch</li> <li>• Bank of Korea (in case of domestically generated funds)</li> <li>• When withdrawing funds for real estate acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign currency bank headquarters/branches, KOTRA</li> <li>• Before bringing in investment funds</li> </ul>
Main Content	Stipulates procedures for foreigners to acquire domestic real estate, etc.	Matters regarding inflow and outflow of foreign currency related to purchase of domestic real estate by foreigners	Matters regarding benefits such as private contracts, tax reductions and exemptions, and sale of national property in case a foreign-invested company purchases domestic real estate.

## Frequently Asked Question & Answer



Q1

When establishing a corporation, 0.4% of the paid-in capital is paid as registration license tax. However, if the head office is located in a Seoul Metropolitan over-concentration control area, it is said that the registration license tax is tripled, and 1.2% of the paid-in capital must be paid. Is there no way to avoid heavy taxes?

A1

According to Article 28 (2) of the Local Tax Act, the excessive tax rate is not applied for industries deemed inevitable to be established in large cities, and an amount equivalent to 0.4% of the paid-in capital can be paid as registration license tax. The applicable business types are specified in Article 26 (1) of the Enforcement Decree of the Local Tax Act.

Q2

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?

A2

There is a system in place which allows the company to receive additional funds for incorporation from the parent company and then pay it back. Pursuant to Article 4-3 (1) 6 of the Enforcement Rules of The Foreign Exchange Transactions Act, it is stated so non-residents can return expended costs to establish a foreign investment company as per the Foreign Investment Promotion Act.

Q3

When choosing the name of a foreign-invested company, should company names already registered in Korea be avoided?

A3

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) or county (excluding a county within a metropolitan city).

**Q4**

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

**A4**

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

**Q5**

**Our company is a foreign-invested company with a foreign investment ratio of 40%, and last year, we acquired 10,000 ㎡ land but did not report the real estate acquisition by foreigner. However, this year, a foreign investor acquired all of the Korean partners' shares, becoming a foreign-invested company with a foreign investment ratio of 100%. In this case, is there a separate reporting obligation?**

**A5**

According to Article 8 (4) of the Act on Report on Real Estate Transactions, the definition of 'foreigner, etc.' includes 'individuals who do not hold Korean nationality' or 'corporations or organizations established under foreign laws' that hold more than half of the capital or more than half of the voting rights. According to this provision, if a domestic corporation becomes a foreign-invested company with more than half of the shares owned by foreigners, it will be considered a 'foreigner, etc.' According to Article 8 of the Act on Report on Real Estate Transactions, if a corporation established under the laws of the Republic of Korea that owns real estate etc. in the Republic of Korea changes to a foreigner and the foreigner intends to continue to own the real estate, etc., it must report "continued possession" to the relevant authority within six months from the date of the change to a foreigner. Reporting is also required if the status of the entity possessing the real estate changes to a foreigner, regardless of real estate acquisition.

PART 4

# Incorporation

# Industrial Sites



- Overview of Industrial Sites

- Priority Zones for Foreign-invested Companies



2025  
Industrial Sites  
in Korea

The type and business category of the relevant company should be considered when choosing the optimal location of the factory site of a foreign-invested company. Generally, a manufacturing company chooses an industrial complex where the factory establishment procedure is relatively simple or constructs a factory at an individual site by altering the use of the site.

## Comparison of Sites

	Free Economic Zones	Foreign Investment Zones		Free Trade Zones
	(9 zones)	Complex-type (30 zones)	Individual-type (76 zones)	7 industrial complexes, 6 ports/airports
Statutory grounds	<ul style="list-style-type: none"> <li>Special Act on the Designation and Operation of Free Economic Zones</li> </ul>	<ul style="list-style-type: none"> <li>Foreign Investment Promotion Act</li> </ul>		<ul style="list-style-type: none"> <li>Act on the Designation and Operation of Free Trade Zones</li> </ul>
Procedure	<ul style="list-style-type: none"> <li>Requested by provincial governors or mayors ▶ Review and resolution by the committee ▶ Designated by the Minister of Trade, Industry &amp; Energy</li> </ul>	<ul style="list-style-type: none"> <li>Requested by provincial governors or mayors ▶ Review by the committee ▶ Designated by provincial governors or mayors</li> </ul>		<ul style="list-style-type: none"> <li>Requested by heads of central government agencies / requested by provincial governors or mayors ▶ Review by the committee ▶ Designated by the Minister of Trade, Industry &amp; Energy</li> </ul>
Eligibility for tenancy	<ul style="list-style-type: none"> <li>Reshoring company</li> <li>Foreign-invested companies</li> </ul>	<ul style="list-style-type: none"> <li>Reshoring company</li> <li>Foreign invested companies                             <ul style="list-style-type: none"> <li>* Ratio of foreign investment 30% ↑, KRW 100 million ↑</li> <li>* New growth engine industry technology business, advanced manufacturing businesses, R&amp;D, and logistics industry</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Minimum required investment amount for foreign-invested company and by industry (identical to requirements for tax reduction)</li> <li>Manufacturing: USD 30 million ↑</li> <li>Logistics industry: USD 10 million ↑</li> <li>Tourism service: USD 20 million ↑</li> <li>R&amp;D: USD 2 million ↑ &amp; 10 ↑ researchers hired</li> </ul>	<ul style="list-style-type: none"> <li>Domestic manufacturing                             <ul style="list-style-type: none"> <li>* Export 50% ↑ (SMEs: 30% ↑) (Middle-standing: 40% ↑)</li> </ul> </li> <li>Foreign manufacturing                             <ul style="list-style-type: none"> <li>* Export 30% ↑</li> </ul> </li> <li>Wholesale                             <ul style="list-style-type: none"> <li>* Import/export 50% ↑</li> </ul> </li> <li>Logistics                             <ul style="list-style-type: none"> <li>* Supported businesses</li> </ul> </li> </ul>
Tax reduction	Eligibility	<ul style="list-style-type: none"> <li>Foreign-invested business or company</li> </ul>	<ul style="list-style-type: none"> <li>Foreign-invested business or company</li> </ul>	<ul style="list-style-type: none"> <li>Foreign-invested businesses</li> </ul>
	Local tax	<ul style="list-style-type: none"> <li>Eligible businesses, reduction amount &amp; period, reduction rate shall be pursuant to the standards prescribed by the Act on Restriction on Special Cases Concerning Local Taxation</li> <li>* The tax credit period may be extended up to 15 years as set forth in municipal ordinances (Acquisition tax, property tax, etc.)</li> </ul>		
	Customs duties	<ul style="list-style-type: none"> <li>100% exemption on imported capital goods for 5 years</li> </ul>	<ul style="list-style-type: none"> <li>Imported capital goods: 100% exemption for 5 years</li> <li>* Individual types: Individual consumption tax and VAT reduction</li> </ul>	<ul style="list-style-type: none"> <li>Tariff deferral</li> </ul>
Support for location	<ul style="list-style-type: none"> <li>State or publicly-owned land: Rent reduction (around 10% of the land price, 50-100% for up to 50 years)</li> </ul>	<ul style="list-style-type: none"> <li>Rent reduction (1% of the land price, 75-100%)</li> </ul>		<ul style="list-style-type: none"> <li>Purchased inclusively by the central or municipal government</li> <li>State-owned land: Leased up to 50 years (around 1% of the land price, 50-100% reduction)</li> </ul>

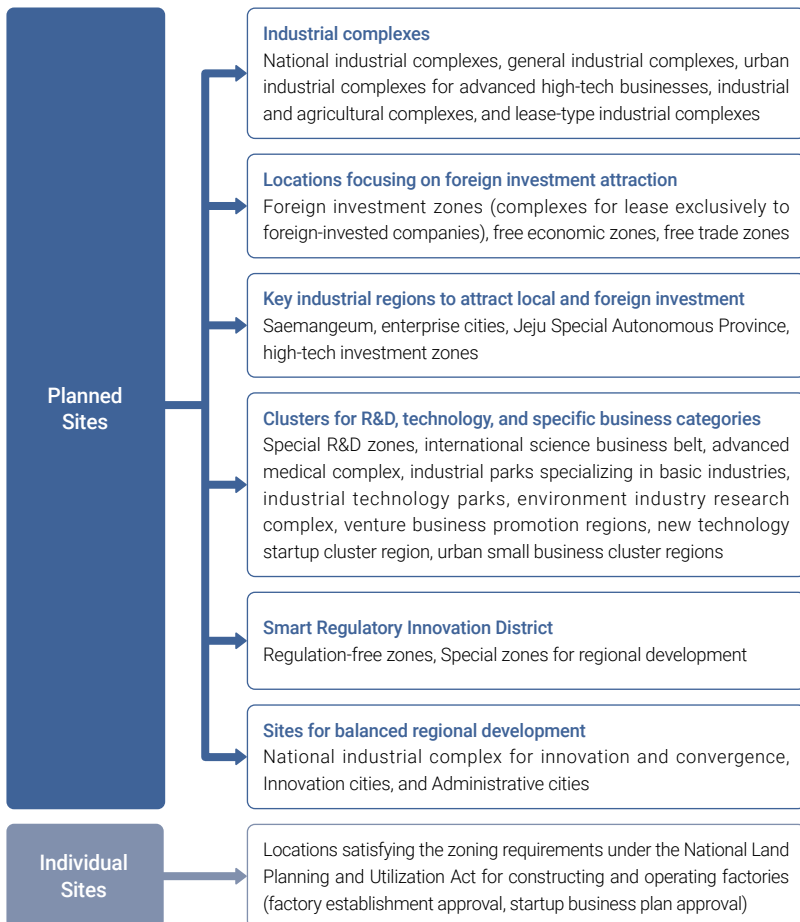
※ With the amendment of the Act on Restriction on Special Cases Concerning Taxation on Dec. 24, 2018, corporate tax and income tax reduction/exemption for foreign investment has been repealed.



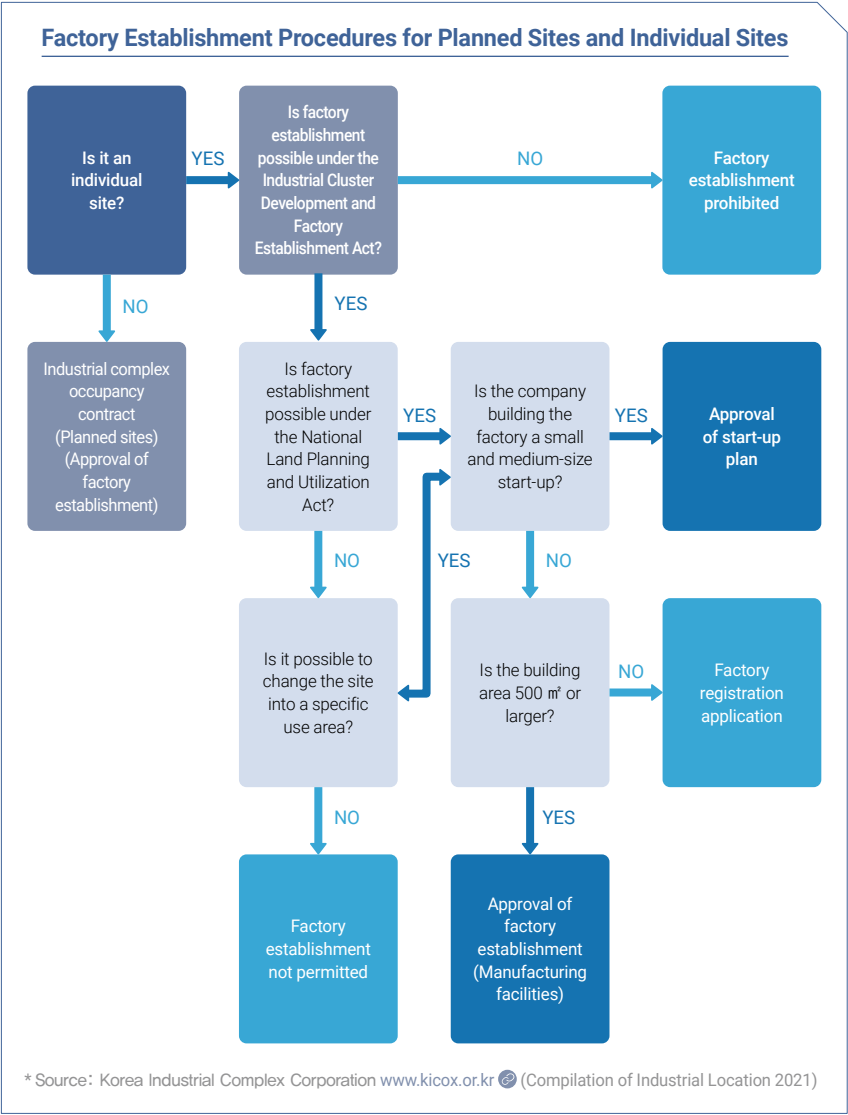
## 1 Overview of Industrial Sites

The type and business category of the relevant company should be considered when selecting the business site of the foreign-invested company. National industrial complexes and general industrial complexes are planned sites in which major customers and related facilities are clustered. It is relatively easier to secure land there, and they offer optimum conditions for operating a business. In Korea, there are certain types of sites developed to attract foreign direct investment. Foreign-invested businesses may consider operating their business in foreign investment zones, 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 with conditions that are suitable for the type of business they plan to operate.

### Types of sites that may be considered by foreign investors



Industrial sites can be divided into planned sites and individual sites. For example, in the case of a manufacturing business, which is the most common type of business in industrial sites, a production facility should be established. The factory establishment and permit/licensing procedures vary by location. When a factory is established on an individual site, the permit or licensing procedure is complicated. However, the factory establishment period and permit/licensing procedures are simplified in industrial complexes or other planned sites that have been developed to facilitate manufacturing businesses. When a candidate site for a manufacturing business is found, it is necessary to examine the restrictions on land use, whether factory establishment is permitted, and whether environmental regulations apply.



## 1 ... Planned Sites and Individual Sites

Korea's industrial site policies are focused on efficiently securing areas for industrial production and operation and selecting quality sites, and recommend establishing a factory in an industrial complex - the most common type of planned site - for efficient management. However, if it is unsuitable to establish a factory in an industrial complex due to business conditions, land prices, etc., it is possible to purchase a separate site and obtain the necessary licenses and permits to establish a factory.

### ① Planned Site (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 established industry-academia linkages and connected various support facilities. The types of industrial complexes differ depending on the purpose of development, and the way businesses are managed in relation to factory establishment is different from that of individual sites. In the manufacturing business, the types of businesses that can move in are different depending on the site, and the regulations for operation and management may differ in each complex. For example, industrial complexes, foreign investment zones (complex-type) and national food clusters operate based on their basic management plan, while the relevant laws apply to free economic zones, the Saemangeum area and INNOPOLISes. In the case of free trade zones, the qualifications for tenancy are prescribed by the Act on Designation and Management of Free Trade Zones.

Because industrial complexes cannot cover all types of industrial sites, a certain area with a special purpose is sometimes designated as an industrial complex and an industrial complex is sometimes designated within a special-purpose area. Some examples of such industrial complexes are foreign investment zones, free economic zones and free trade zones designated for attraction of foreign investment.

## INFORMATION



### ◆ Restrictions 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 purchasing an industrial site at a low price and selling it within a short period of time, regulations regarding the restriction of disposal have been established. The period of restriction on sales or disposal is five years. If land or factory has to be sold before then due to unavoidable circumstances, sale can be made through a management agency, filing an application for disposal, etc.

➡ Not applicable where an existing factory site within an individual site or industrial complex is purchased.

※ Related law : Article 39 of the Industrial Cluster Development and Factory Establishment Act ②

## ② Individual Site

Individual sites refers to any area outside of a pre-designated or developed site. So when a company purchases or leases land outside an industrial complex or a building in an urban or residential area, a factory can be established in such areas by obtaining a permit or authorization for change of usage.

Where an individual site is selected for operating a manufacturing business, companies can move into factories and Class 2 neighborhood amenities (manufacturing facilities), among the types of buildings pursuant to the Enforcement Decree of the Building Act. However, a "use area" is designated for all land in Korea based on the National Land Planning and Utilization Act, and the permitted activities differ by use area. In this regard, to construct a new building, the use of the building and the activities restricted in the relevant area prescribed by the National Land Planning and Utilization Act and local government ordinances should be checked in advance. If a use area is banned from factory construction, the use area can be changed by altering the city or county (gun) management plan after going through the deliberation of the city planning committee.

※ Refer to the Notice of Standards for Factory Sites ② or the attached Table of the Enforcement Decree of the National Land Planning and Utilization Act ② about the type of businesses permitted in each usage area.

### Pros and Cons of Industrial Complexes and Individual Sites



#### Industrial Complex

##### • Pros

- Favorable SOC conditions including infrastructure
- Simplified procedures for obtaining permits for factory establishment
- Ease of exchanging information and technology between companies
- Reduction of logistics costs
- Easier government support compared to individual sites

##### • Cons

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



#### Individual Site

##### • Pros

- Affordable land acquisition
- The right place can be chosen as the site
- Can be located near market
- Small-sized site can be chosen
- Ease of sale and disposal of factory site

##### • Cons

- Complicated authorization and permit procedures for factory establishment
- Fewer incentives including tax exemption and financial support compared to industrial complex
- Companies have to install necessary infrastructure including road and water supply facilities
- Difficult to control environmental factors near factory

## 2 ... Factory Establishment

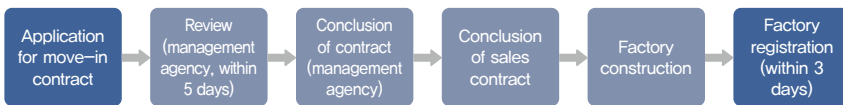
Factories are business establishments for operating a manufacturing business, and include buildings, factory buildings, manufacturing facilities and their incidental facilities. Manufacturing business refers to manufacturing businesses under the Korean Standard Industry Classification promulgated by the Commissioner of Statistics Korea.

### ① Factory establishment in an industrial complex (planned site)

Unlike individual sites, many parts of an industrial complex are complete and thus there are not many matters that require permits and 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 agency an application for tenancy contract, which has the same administrative effect as an application for approval of factory establishment for an individual site.

Approval is normally granted within five days of filing an application, but it takes up to 10 days if a negotiation with related organizations is needed. After obtaining an approval, the procedure for report of completion, confirmation of field visit by a public official and factory registration is the same as the ones for individual sites.



### ② Factory Establishment in an Individual Site

㊤ Establishment of a factory in an individual site under the [Act on Industrial Integration and Factory Establishment](#)

Since there are many laws about factory establishment, it is important to review all the relevant laws and regulations. When a 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 filed to the municipality having jurisdiction over the site of the factory to be established, it may be approved within 14 days. If blanket processing\* applies, the approval period can be shortened to seven days or less.

\* Blanket processing: A system of permitting the permits and authorizations that should be obtained separately pursuant to individual laws at the same time to increase administrative efficiency and enhance administrative service



- Application for confirmation of conformance with tenancy requirements  
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 factory establishment is approved, ground leveling, infrastructure building and construction can be carried out.

- Factory registration

If a report of factory establishment is completed within two months of finishing construction and machinery and equipment installation, the government 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 report of factory establishment.

## INFORMATION



### ◆ Manufacturing Plant

For a manufacturing plant with construction area of 500 m<sup>2</sup> or less which does not emit environmental pollutants, factory registration is optional. Therefore, a manufacturing business can be operated after completing the administrative procedures required for the type of business concerned. However, if necessary, factory registration can be completed by filing an application for factory registration, and all necessary permits and authorizations can be obtained by receiving factory establishment approval.

### ◆ Small Business

As an exception for factories established by small companies, if a manufacturer who has not completed factory registration at a manufacturing plant needs a factory registration certificate, its business registration certificate shall be deemed a factory registration certificate.

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

## ㉔ Factory establishment for SMEs in an individual location under the Support for Small and Medium Enterprise Establishment Act

### Exemption of start-up charges for manufacturing SMEs

Charges	Related Law	Charges	Related Law
Expenses for creating forest replacement resources	Article 19 (1) of the Mountainous Districts Management Act	Waste charges	Article 12 (1) of the Act on the Promotion of Saving and Recycling of Resources
Charges for manufacture and import of specific substances	Article 24-2 of the Act on the Control of Manufacture of Specific Substances for the Protection of the Ozone Layer	Water utility charge	Article 19 (1) of the Act on the Improvement of Water Quality and Support for Residents of the Han River Basin
Charges for using deep seawater	Article 40 of the Development and Management of Deep Sea Water Act		Article 30 (1) of the Act on Water Management and Resident Support in the Geum River Basin
Basic charges	Article 35 (2) 1 of the Clean Air Conservation Act		Article 32 (1) of the Act on Water Management and Residents Support in the Nakdong River Basin
Basic discharge charges	Article 41 (1) 1 of the Water Environment Conservation Act		Article 30 (1) of the Act on Water Management and Resident Support in the Yeongsan and Seomjin River Basins
Charges	Article 51 (1) of the Electric Utility Act	Allotted charges	Article 155 of the Local Autonomy Act
Traffic incurred costs	Article 36 of the Urban Traffic Improvement Promotion Act	Charges for using groundwater	Article 30-3 of the Groundwater Act
Charges on farmland reservation	Article 38 (1) of the Farmland Act	Expenses for creating substitute grassland	Article 23 (8) of the Grassland Act

⇒ Exemption from charges for seven years from the business commencement date. However, water utility charges are exempted for three years from the date of imposition of charges.

※ Related law : Article 23 (4) of the Support for Small and Medium Enterprise Establishment Act

## IN DETAIL



### ◆ Restrictions on Factory Establishment and Exceptions

No person shall construct a new factory, expand or relocate the existing one, the construction area of which is at least 500 m<sup>2</sup>, nor change the type of business of a factory in an overconcentration control region, growth management region or nature conservation region 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 500 m<sup>2</sup> (including within a knowledge industry center) or change its business type in a growth management region.

※ 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 500 m<sup>2</sup> may be newly or additionally built in Pyeongtaek City, which is in a growth management region. However, new factory construction shall be limited to specific 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](http://www.factoryon.go.kr)) , an online support system for factory establishment: An online factory establishment support system operated by the Korea Industrial Complex Corporation offers one-stop administrative services such as providing factory establishment information, establishment best practice guide, factory establishment grievance resolution, industrial complex move-in support, and application for certificates.

## INFORMATION



### ◆ Industrial Sites, Development and Management Related Laws

Industrial Sites and Development Act	Act on Designation and Management of Free Trade Zones
Industrial Cluster Development and Factory Establishment Act	Special Act on Designation and Management of Free Economic Zones
Act on Special Cases Concerning the Simplification of Authorization and Permission Procedures for Industrial Complex	Act on Special Cases Concerning Support for Technoparks
Special Act on Revitalization and Competitiveness Enhancement of Hub Decrepit Industrial Complexes	Special Act on the Development of Enterprise Cities
National Land Planning and Utilization Act	Support for Small and Medium Enterprise Establishment Act
Special Act on Local Autonomy and Balanced Regional Development	Foreign Investment Promotion Act
Regional Development and Support Act	Special Act on the Promotion of Hi-Tech Medical Complexes
Seoul Metropolitan Area Readjustment Planning Act	Special Act on Establishment of and Support for International Science and Business Belt
Special Act on Promotion of and Support for Urban Regeneration	-

## ◆ Guidelines for Development and Management of Industrial Sites

General Guidelines for the Development of Industrial Sites	General Standards for Industrial Complex Planning
Guidelines for Industrial Complex Management	Guidelines for the Operation of Advanced Investment Zones
General Guidelines for the Development and Operation of Agricultural and Industrial Complexes	Guidelines for the Operation of Foreign Investment Zones
Guidelines for the Operation of Industrial Complex Support	-

### ◆ Environment-related Laws

Clean Air Conservation Act	Environmental Impact Assessment Act
Water Environment Conservation Act	Chemical Substances Control Act
Noise and Vibration Control Act	Act On Registration And Evaluation Of Chemical Substances
Waste Control Act	-

2025  
Environmental Policy  
in Korea

◆ Tax Support

Law	Content
Act on Restriction on Special Cases Concerning Taxation ㉔	<ul style="list-style-type: none"> <li>• Tax incentives for national taxes (income tax, corporate tax)               <ul style="list-style-type: none"> <li>- Tenant companies, start-up companies, companies relocating to a non-metropolitan area, etc., in industrial complexes</li> </ul> </li> <li>• Tax incentives for local taxes (acquisition tax, property tax)               <ul style="list-style-type: none"> <li>- Foreign-invested companies</li> </ul> </li> </ul>
Act on Restriction on Special Cases Concerning Local Taxation ㉕	<ul style="list-style-type: none"> <li>• Tax incentives for local taxes by acquisition of real estate (acquisition tax, property tax, etc.)               <ul style="list-style-type: none"> <li>- Tenant companies, start-ups, knowledge industry centers, companies relocating to a non-metropolitan area, etc. in industrial complexes</li> </ul> </li> </ul>



## 2 Priority Zones for Foreign-Invested Company

Industrial sites such as free economic zones, foreign investment zones and free trade zones are designated for the support of foreign investors, and such sites are provided for sale or for lease. These areas are subject to tax relief as well as site support when certain requirements are met. Also, in some cases, the restrictions applied in accordance with related laws are exempted.

### 1 ... Foreign Investment Zone

There are three types of foreign investment zones: complex-type, individual-type and service-type. Complex-type and individual-type zones provide low rent and additional rent and tax reduction is provided when certain requirements are met. Service-type zones provide subsidies for rent but no tax reduction or exemptions.

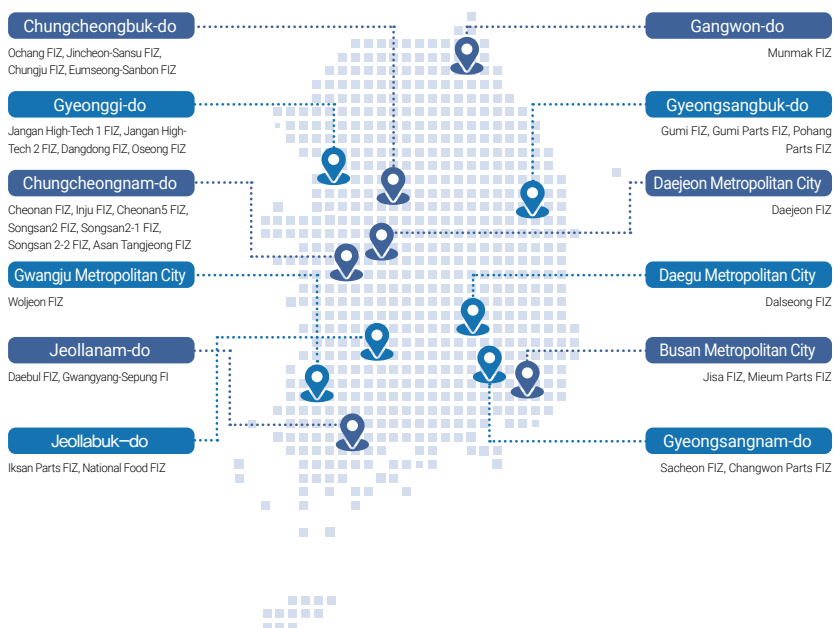
#### Designated Foreign Investment Zones

As of end-March 2024

	Complex-type	Individual-type	Service-type
Number of FIZs	30	76	3

#### Complex-type Foreign Investment Zones

As of end-March 2024



※ The individual status of foreign investment regions can be seen in the "2023 Industrial Location Booklet" on the Korea Industrial Complex Corporation website ([www.kicox.or.kr](http://www.kicox.or.kr))

## Rent in Complex-type Foreign Investment Zones

As of end-December 2024

Complex	Monthly Rent (KRW/㎡)	Complex	Monthly Rent (KRW/㎡)	Complex	Monthly Rent (KRW/㎡)
Cheonan (Chungnam)	336	Dalseong (Daegu)	256	Munmak (Gangwon)	249
Daebul (Jeonnam)	79	Gumi Parts (Gyeongbuk)	166	Jincheon Sansu (Chungbuk)	144
Sacheon (Gyeongnam)	236	Oseong (Gyeonggi)	323	Songsan 2 (Chungnam)	290
Gumi (Gyeongbuk)	193	Pohang Parts	127	National Food (Jeonbuk)	126
Ochang (Chungbuk)	250	Iksan Parts	103	Chungju (Chungbuk)	160
Jangan 1 (Gyeonggi)	307	Changwon Nammun Parts	451	Songsan 2-1 (Chungnam)	290
Inju (Chungnam)	176	Miuem Parts	494	Gwangyang Sepung (Jeonnam)	248
Dangdong (Gyeonggi)	383	Cheonan 5 (Chungnam)	207	Songsan 2-2	290
Jisa (Busan)	469	Wouljeon (Gwangju)	(1st) 245 / (2nd) 267	Daejeon	384
Jangan 2 (Gyeonggi)	317	Tangjeong	630	Seongbon	202

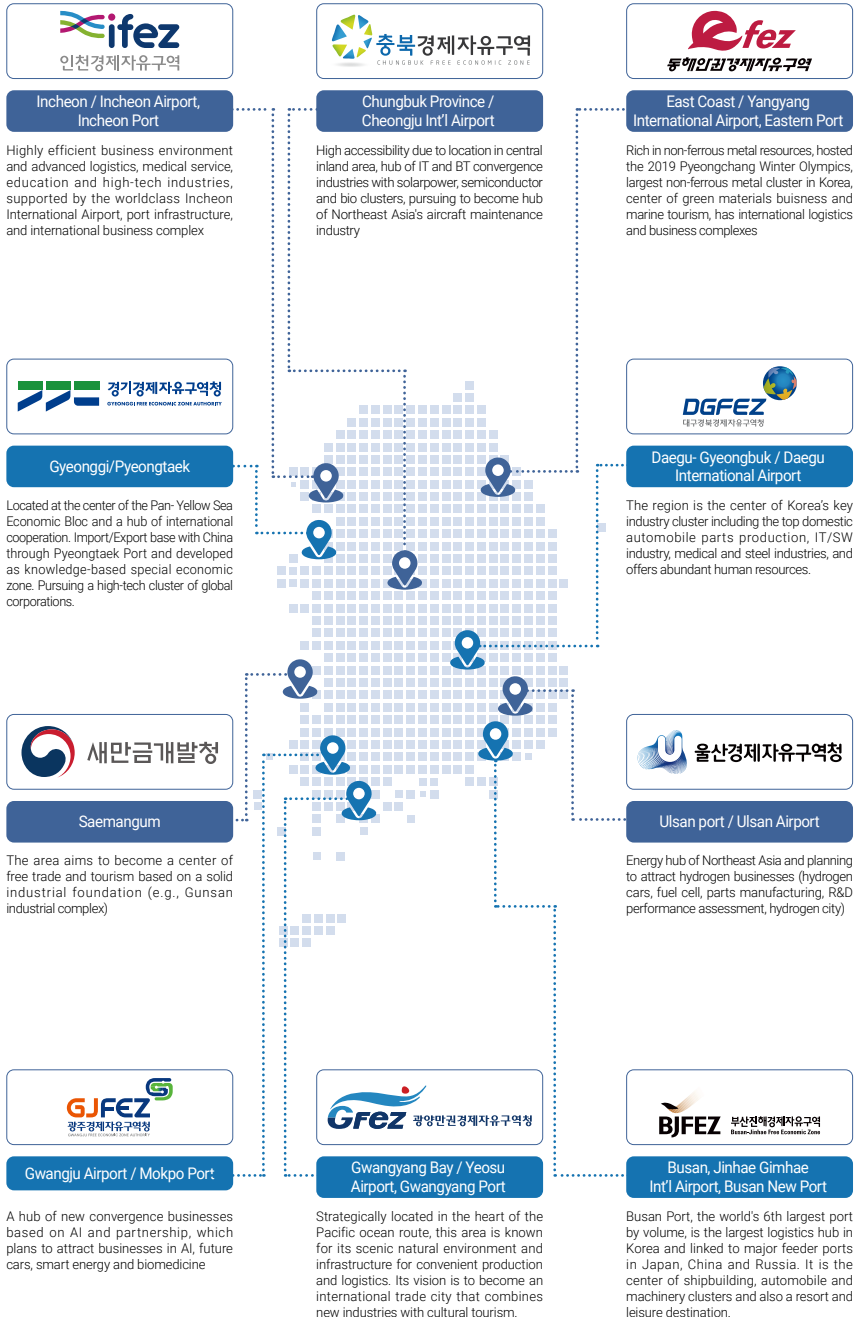
## 2 ... Free Economic Zone/Saemangeum

A free economic zone is an area designated to create a business-friendly environment for foreign-invested companies and improve the living conditions for its employees.

In an FEZ, various regulations are eased to ensure autonomous business activities. This area is also used as a special economic zone where various incentives are offered to actively attract foreign investment. Saemangeum (FEZ status lost in April 2018) is a project area that is directly developed and supported by the government under the Special Act on Promotion and Support for Saemangeum Project, and in this area, land is supplied at a low price and flexible land utilization plan is applied.

## Free Economic Zones in the Country & Saemangum

As of end-December 2024



### 3 ... 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, because tariff is deferred in the areas, it has the optimal conditions for import/export activities.

#### Overview of Free Trade Zones

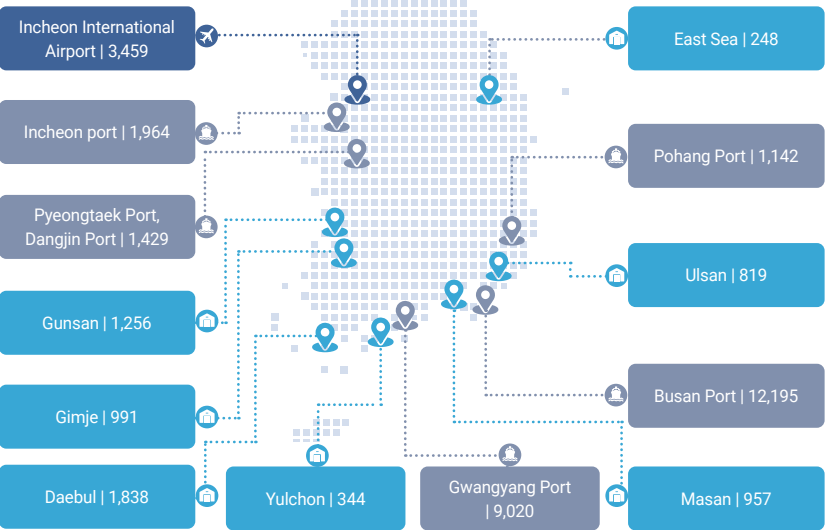


\* Source: Study on the reinforcement of special economic zones for attracting foreign direct investment, Korea Institute for Industrial Economics and Trade, 2013

#### Free Trade Zones in the Country

✈️ Airport-type   🚢 Port-type   🏢 Industrial complex-type

As of end-Q1 2023 (Unit: 1,000 km<sup>2</sup>)



#### IN DETAIL

Tenancy is permitted to foreign-invested companies, manufacturing and knowledge-based businesses, companies reshoring to Korea, companies in import and export wholesale whose portion of export among sales was 50% or more for one year or longer during the three preceding years. In addition, companies providing service such as loading, unloading and transportation and public organizations are eligible to move in.

※ Related law : Article 10 of the [Act on Designation and Management of Free Trade Zones](#) 📄

## 4 ... Other Sites

### ① Areas focused on maintaining investment

In addition to sites designated to attract foreign investment, Saemangeum, enterprise cities, Jeju Special Autonomous Province, and high-tech investment zones offer various incentives as they have been respectively designated under relevant laws 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 clusters, incentives are provided for eligible businesses. Also, in some cases, if there are industrial sites within a cluster, a manufacturing business, a specialized business or a related business may move in together. Each cluster is operated and managed based on its basic management plan, so check in advance the relevant area's regulations on tenancy and management for eligibility for occupancy.

Cluster	Designated areas	Related statutes
Hi-tech medical complexes	Daegu-Shinseo innovation city Chungbuk-Osong life science	Special Act on the Promotion of Hi-Tech Medical Complexes
R&D clusters	Daejeon, Gwangju, Daegu, Busan, Jeonbuk	Special Act on the Promotion of Special Research and Development Zones
International science and business belt	45 areas including the Ansan plating complex (late 2022)	Special Act on Establishment of and Support for International Science and Business Belt
Specialized complex for ppuri industries	33 areas including the Ansan plating complex	Act on the Promotion and Sophistication of Ppuri Industries
Logistics complex	31 logistics complexes under operation in Gangneung	Act on the Development and Management of Logistics Facilities

※ The designated areas are not limited to the ones listed above.

PART 5

# Industrial Sites

# Visa



- How to Enter Korea
- Procedure for Issuance of a Business Investment (D-8) Visa
- KOTRA's Exclusive Visa-Related Services for Foreign Investors
- Reservation of Visitation for Foreign Residents
- Visa Application by Status of Stay
- Favorable Immigration Policies



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 eligible for visa-free entry. Even in the case of the person eligible for visa-free entry, the person must go through the immigration declaration process at the border, airport and seaport, and entry may be 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 foreign resident registration at the immigration office in the jurisdiction of the place of residence or regional immigration service.



## 1 How to Enter Korea

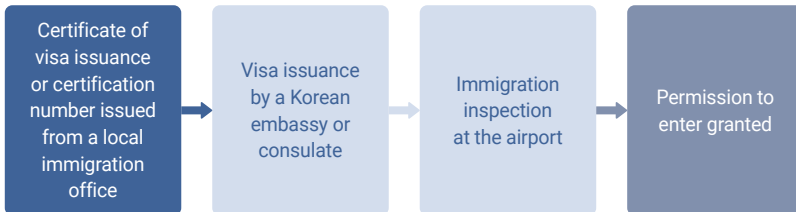
A foreigner can enter the Republic of Korea through one of the following procedures:

### 1. Obtaining a visa from a diplomatic mission abroad



### 2. When necessity for visa is recognized before visa issuance

Entry into Korea is permitted by obtaining a certificate of visa issuance (or certification number) from a local immigration office having jurisdiction over the address of the inviter in advance and submitting it to an overseas diplomatic mission.

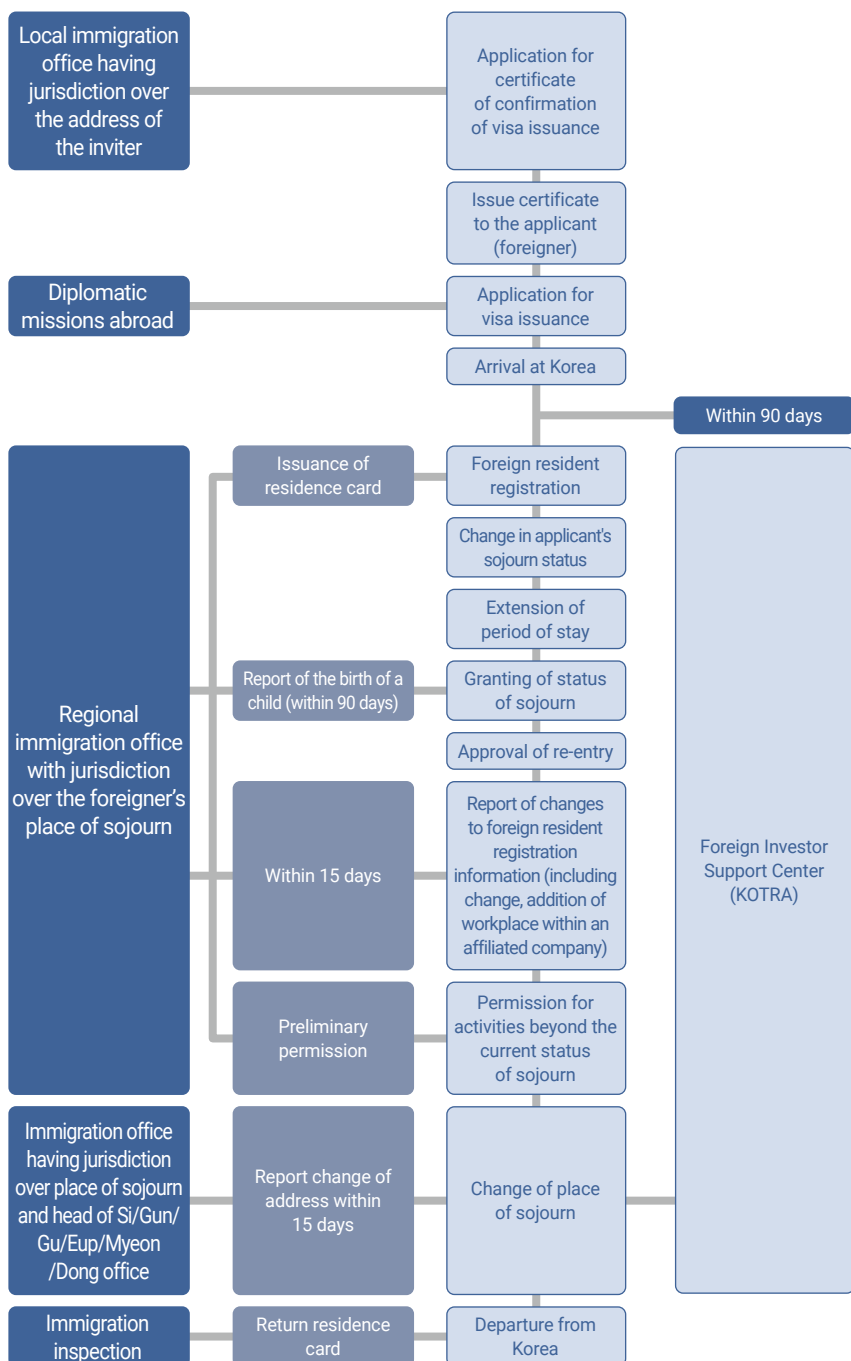


### 3. Arriving at Korea without a visa and obtaining a status of stay and period of stay at immigration inspection at the airport

Applicable only to nationals of countries with a visa exemption agreement with Korea and nationals of countries where Korea grants no-visa entry.



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



## 1 ... 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. In this regard, there are three methods of entry for foreigners: by obtaining a visa issued at a diplomatic mission abroad; by obtaining the status and period of stay through immigration inspection after entry where a foreigner is a short-term visa holder or is from a country with a visa waiver agreement; by obtaining a visa issuance certificate (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. (Extent of visas by the head of an overseas diplomatic mission: Visas are issued within the extent delegated by the Minister of Justice.)
- 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 with jurisdiction over the inviter's address following an application made by the inviter. In the case of the latter, a foreigner can obtain a visa by submitting an application stating the visa issuance certification number to the head of an overseas diplomatic mission.

➡ Validity of visa issuance certificate: 3 months

## 2 ... Foreign Resident Registration

A foreigner with a long-term visa which permits a stay of longer than 90 days must apply for foreign resident registration within 90 days of the date of entry to a local immigration office having jurisdiction over his/her residence.



### 3 ... Change of Status of Sojourn

In order for a foreigner to engage in activities that are not permitted under the previously granted 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 30 million or receive a deportation order.

#### INFORMATION



① **Extension of Period of Stay**

In order for a foreigner to stay beyond the period previously approved, he/she must obtain approval of 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**

All visa-related applications should be made by the foreigner himself/herself. If a foreigner is under 17 or where there are special circumstances due to illness, family affairs or business, a legal agent or an agent duly delegated by the foreigner can make the application. Even where an agent makes an application, the foreigner should be residing in Korea. It is not permitted for a foreigner residing overseas to apply for visa-related permits through an agent in Korea.

④ **Restriction of Application Through an Agent and Cancellation of Permission**

The head of a local immigration office can restrict application through an agent where it is necessary to have the applicant attend in person to assess the cause of application for a stay permit, the sojourn status of the applicant, etc. If it is revealed that an agent filed an application for stay-related permissions through false or unlawful means, the permission may be cancelled or changed.

## 4 ... 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 an approval of change or addition of workplace in advance. However, a foreigner who possesses professional knowledge, technology, and skills (publicly notified by the Ministry of Justice) may apply for approval within 15 days of the day of the change/addition of workplace. A workplace which hires or brokers the employment of a foreigner without the approval may be subject to a fine not exceeding KRW 10 million or be deported.

### ② Activities Beyond the Ones Permitted Under the Status of Stay

In order for a foreigner to engage in activities beyond the ones permitted under his/her status of stay, he/she must obtain a permission for the activities. A foreigner who engages in other activities without permission may face a fine not exceeding KRW 30 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 a local immigration office with jurisdiction over the new place of residence within 15 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 with visas such as short-term employment (C-4) to vessel crew (E-10) and Work and Visit (H-2) 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 such fact to the head of the competent local immigration office within 15 days of becoming aware of such circumstances. Failure to do so may result in a fine not exceeding KRW 2 million.



### 3 KOTRA's Visa Services for Foreign Investors

KOTRA operates the Foreign Investor Support Center for the convenience of foreign investors related to visa and stay in Korea. Immigration officials are dispatched from the Ministry of Justice to handle matters such as change of the status of stay, extension of the period of stay, issuance of reentry permit, granting of the status of stay to children born in Korea, foreign resident registration, report of the change of foreign resident registration information, notification of change for place of residence and registration items of corporate investment (D-8) visa holders 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.

### 4 Reservation of Visitation for Foreign Residents

For the convenience of foreign residents, immigration offices in Korea operate a reservation system for visits regarding status of stay. Foreigners can log onto the Hi-Korea website to reserve the time and date, and visit the immigration office to receive prompt services.

#### INFORMATION



##### ◆ Immigration Contact Center: 1345 without the area code

Information on visa & stay in Korea and various stay permits

##### ◆ Hi-Korea : [www.hikorea.go.kr](http://www.hikorea.go.kr)

Manual for visa and stay in Korea and the status of stay, services including reservation for visits to apply for status of stay

### 5 Visa Application by Status of Stay

#### 1 ... 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 establishes 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 headquarters 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 dispatch order.
- Where a company is incorporated and operated after bringing in investment funds (10% or more of the invested company's stocks with voting rights should be owned) of KRW 100 million or more from overseas, the investor can apply for a business investment visa.
- An indispensable professional specialist includes executives, senior managers, and specialists engaged in management, business administration, production and technology. Those who are engaged in tasks that are generally replaceable in Korea are excluded.

## IN DETAIL



### Indispensable professional specialists

- **Executive**

Those who primarily direct organizational management within an organization, exercise extensive authority 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 and supervision; have the right to hire, dismiss or recommend employees; decide, supervise or control other supervisors, professionals and managers; or exercise discretion in daily operations (not including first-line supervisors of nonprofessional 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 with jurisdiction over the applicant's residence or the foreign-invested company's location

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

Foreigners who entered Korea for a group tour or tourism purposes, nations of certain countries (France, Ireland, U.K.) who entered Korea with a short-term visit visa (C-3) for group tour or tourism purposes, foreigners staying in Korea with an industrial trainee visa (D-3), a non-professional employment visa (E-9), crew employment visa (E-10), a working visa (H-2), miscellaneous (G-1), or a working holiday visa (H-1) cannot apply for change of status of stay to business investment (D-8) visa in Korea.

### ③ Change of Status of Stay and Foreign Resident Registration

Foreigners qualified for a business investment (D-8) visa such as indispensable professional specialists engaged in the management, business administration, production or technology of a foreign-invested company are eligible to apply for a change of status of stay. A foreigner who obtained a business investment (D-8) visa or received permission to change his/her status of stay can apply for foreign resident registration.

### ④ Extension of Period of Stay

The documents to be submitted for applying for extension of the period of stay are similar to those required for change of status of stay, and the required documents may differ depending on the performance of the foreign-invested company, etc.

## For change of the status of stay and foreign resident registration

### [Where the company is established by a foreign company]

- Integrated application form (Attached form 34 of the Enforcement Rules of the Immigration Act (㉮) ) / Passport, color ID photo for passport
- Tuberculosis (TB) test certificate for nationals from high TB-burden countries (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 registration certificate / 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 an indispensable professional specialist: Technical certifications (for engineers), certificate of career, company organizational chart, diploma, etc.
- Documents on sales records (import and export records) - Certificate of tax payment (including corporate tax, earned income tax, and value added tax), certificate of VAT tax base, local tax/national tax clearance certificate
- 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 company is established by a foreigner]

- Integrated application form (Attached form 34 of the Enforcement Rules of the Immigration Act (㉮) ) / Passport, color ID photo for passport
- Tuberculosis (TB) test certificate for nationals from high TB-burden countries (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 (housing lease agreement, etc.) / Copy of office lease contract / Document certifying introduction of investment funds / Photos of place of business (an overall view of business place, office space, 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 remitted) or customs declaration (if handcarried) / Certificate of purchase of foreign exchange

- Documents on sales records (import and export records, if applicable); Certification of completion of export declaration (import and export permit), Certification of VAT tax base, certificate of tax payment, details of expenditure of investment fund: Receipt for purchasing goods, expense for office interior design, and local tax/national tax clearance certificate.

- Report on foreigner's occupation and annual income

※ More or fewer documents may be required according to the business and investment type.

## 2 ... Spouse or Family (F-3) Visa

This visa is issued to the spouse and underage children of foreigners who qualify for a business investment (D-8) visa, and accompanied family members' period of stay is granted until the expiration date of the D-8 visa holder's stay. (If the expiry of the passport of accompanied family members is before the visa expiration date, the period of stay shall be until the expiry of the passport.)

### IN DETAIL



#### Documents required for visa application

If the period of validity of domestically issued documents is not stated, the period is considered to be three months from the date of issuance. If deemed necessary for the assessment of an applicant's qualifications, the head of the local immigration office may request additional documents.

### DOCUMENTS

#### For change of the status of stay and foreign resident registration

- Integrated application form (Attached form 34 of the Enforcement Rules of the Immigration Act 📄), passport, color ID photo for passport, Tuberculosis (TB) test certificate for nationals from high TB-burden countries (issued by the local community health center) / Marriage certificate / Birth certificate / Document evidencing the place of stay (housing lease contract, etc.) / Certificate of attendance of elementary, middle or high school (for children aged between 6 and 18)

- Handling fee (KRW 100,000 for change of status (for administration fee), residence card issuance fee (KRW 35,000 (cash only))

※ More or less documents may be required to check the qualification of the applicant.

#### For extension of the stay

- Integrated application form (Attached form 34 of the Enforcement Rules of the Immigration Act 📄) / Passport, color ID photo for passport / Tuberculosis (TB) test certificate for nationals from high TB-burden countries (confirmation issued by the local community health center) / A copy of D-8 holder's certificate of foreign resident registration / Proof of place of stay (real estate lease contract, etc.) / Certificate of attendance of elementary, middle or high school (for children aged between 6 and 18)

- Handling fee (KRW 60,000 for extension)

※ More or less documents may be required to check the qualification of the applicant.



## ◆ Business Investment (D-8) Visa

Status of stay	Qualified persons and scope of permitted activities	
Business investment (D-8)	A. Indispensable professional specialists intending to engage in the management, business administration, production, or technology of a foreign-invested company who is recognized by the Minister of Justice [excluding persons who invested in a company (excluding corporations) managed by a foreigner and persons employed in Korea.]	
	B. Among persons who established a venture business pursuant to Article 2-2 (1) 2 (c) of the Act on Special Measures for the Promotion of Venture Businesses, a person who received confirmation as a venture business pursuant to Article 25 of the same Act or a person who is the equivalent and recognized by the Minister of Justice.	
	C. One of the following persons who own an intellectual property right or an equivalent technology, and who are recognized as a business startup recognized by the Minister of Justice	1) A person who obtained an associate degree or higher in Korea 2) A person who obtained a bachelor's degree or higher from overseas 3) A person who is recognized as owning advanced technology such as intellectual property rights by the head of the related central government agency and recommended.

→ Source: Attached tables 1, 1-2, 1-3 of the Enforcement Decree of the Immigration Act

## 6 Favorable Immigration Policies

**Favorable Immigration Policies** The Korean government provides favorable treatment to foreign investors in relation to their arrival, departure, and stay in Korea. 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 stay, foreign resident registration, and extension of the period of stay can be processed in the same day for maximum convenience.

### 1 ... Favorable Treatment of D-8 Visa Holders

A business investment (D-8) visa holder can use the exclusive immigration fast track and is exempt from processing fees concerning status of stay.

- List of fee exemptions: Issuance of residence card (KRW 35,000), permission for extension of the period of stay (KRW 60,000), permission to change status of stay (KRW 100,000), re-entry permit (KRW 30,000-50,000)

⇒ The processing fees for granting of permission of activities beyond the current status of stay (KRW 120,000) or issuance of certificate of confirmation of foreign resident registration (KRW 2,000) are not exempted.

### 2 ... Immigration Priority Card

An Immigration Priority Card is issued for the management of the 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

Business	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% of the notified amount to renew the expired Immigration Priority Card. Application and contact: KOTRA's Foreign Investor Support Center (02-3497-1741)

## Visa-related changes in 2025

### • Establishment of Start-up Korea Special Visa

Eligibility: Talents from overseas start-ups wishing to enter the Korean market

Details: After a private evaluation committee evaluates the business feasibility and innovativeness of the applicant, the Ministry of SMEs and Startups issues a recommendation, and then the Ministry of Justice conducts a review based on immigration laws and finally issues a visa.

### • Start-up visa issuance requirements

#### Existing Technology Startup Visa (D-8-4)

- ① Domestic or overseas bachelor's degree holder with OASIS program score of 80 points or higher\* satisfying at least 1 essential requirement

\* Intellectual property rights holder/applicant, investment attraction, etc.

- ② Inclusion in K-Startup Grand Challenge TOP20
- ③ Selection for government's startup support program (KRW 30 million or more)

VS

#### Startup Korea Special Visa (D-8-4(S))

Obtain recommendation letter from the Ministry of SMEs and Startups following the evaluation of business feasibility and innovation by a private evaluation committee

(Issuance process) Submit application form and business plan on K Startup portal or GSC website → private committee's evaluation of business feasibility and innovativeness → Issuance of special visa recommendation by the Ministry of SMEs and Startups → Applicant applies for the visa at an immigration office or a Korean diplomatic mission abroad → Review by the Ministry of Justice and issuance of visa

# Frequently Asked Question & Answer



Q1

1. What is the difference between a visa and a status of stay?

A1

The status of stay refers to a legal status allowing a foreigner to stay in Korea and engage in certain activities. The Immigration Act grants certain rights depending on the status of stay, which is divided into 37 categories. In this sense, a visa and a status of stay can be considered virtually identical.









# Incentive

- ❶ Tax Reduction and Exemption
- ❷ Foreign Investment Zones
- ❸ Cash Grant
- ❹ R&D Support
- ❺ Management Support



# Tax Reduction and Exemption



- Eligibility and Procedure

- Benefits



The Korean government provides incentives in the form of reductions and exemptions of taxes including acquisition tax, property tax, customs duty, and value-added tax for foreign-invested companies 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 Act on Restriction on Special Cases Concerning Taxation

Recipient	Tax reduction and exemption	Related law
Foreign-Invested Company	Reduction/exemption of acquisition tax and property tax on acquired or held real estate	Article 78-3 of the <a href="#">Act on Restriction on Special Cases Concerning Local Taxation</a> ㉔
	Exemption from customs duty, individual consumption tax, and value-added tax by bringing in capital goods	Article 121-3 (1) and (2) of the <a href="#">Act on Restriction on Special Cases Concerning Taxation</a> ㉔
Foreign Engineer	50% of Income tax reduction and exemption (for 10 years)	Article 18 of the <a href="#">Act on Restriction on Special Cases Concerning Taxation</a> ㉔
Foreign Worker	Flat tax rate of 19% (for 20 years)	Article 18-2 of the <a href="#">Act on Restriction on Special Cases Concerning Taxation</a> ㉔

## 1 Eligibility and Procedure

### 1 ... Eligible Businesses

Businesses eligible for tax reduction and exemption are defined in Article 121-2 of the [Act on Restriction on Special Cases Concerning Taxation](#) ㉔ and Article 116-2 of the Enforcement Decree of the Act.

Eligible Businesses (related law)	Investment Requirements, etc.	
	Business	FDI Amount
<ul style="list-style-type: none"> <li>- Technologies for new growth engine industries and source technologies</li> <li>- Technology for materials and production processes directly related to new growth engine industries and source technologies</li> </ul> ※ Attached Table 7 of the Enforcement Decree of the <a href="#">Act on Restriction on Special Cases Concerning Taxation</a> ㉔, Attached Table 14 of the Enforcement Rules of the Act	A manufacturing facility is installed or operated for the business	At least USD 2 million
Companies in a foreign investment zone (individual type) as prescribed by Article 18 (1) 2 of the <a href="#">Foreign Investment Promotion Act</a> ㉔ and companies in a free trade zone, Jeju Advanced Science and Technology Complex, Jeju Investment Promotion Zone, etc. that have undergone review and received approval by the relevant committee ※ Companies in former free export zones are granted the same tax reduction as companies in a foreign investment zone (individual-type)	Manufacturing, etc.	At least USD 30 million
	Tourism	At least USD 20 million
	Resort	
	International conference facilities	
	Youth training facilities	
	Logistics	At least USD 10 million
	SOC	
	R&D	At least USD 2 million
	Joint venture	At least USD 30 million



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

## Technologies for New Growth Engine Industries and Source Technologies

Category	Field
Future vehicles	Self-driving cars, electric vehicles
Intelligent information	Artificial intelligence, IoT, cloud, big data, wearable smart appliances, IT convergence, blockchain, quantum computer, smart logistics
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 & 6G 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, resource circulation
Convergence materials	High performance textiles, ultra-light metal, hyper-plastic, titanium, copper alloy, molybdenum, alloy steel, functional elastic & adhesive material
Robots	High-tech manufacturing robots, medical robots, service robots, robots in general
Aerospace	Unmanned vehicles, space technology
High-tech materials, parts & equipment	High-tech materials, parts & equipment
Carbon neutrality	Carbon capture, use and storage, hydrogen and new and renewable energy, industrial process, energy efficiency, transport
Defense Industry	Defense equipment, combat support

※ Related law: Attached Table 7 of the Enforcement Decree of the Act on the Restriction of Special Cases Concerning Taxation ㉔

## Tax-related Changes in 2025

### ① Establishment of 3 new hydrogen and energy technologies to cope with the climate crisis

	Current	Revised
<b>National Strategic Technologies</b>	270 technologies in 14 fields* * Future cars, intelligent information, next-generation S/W, content, electronic information devices, next-generation broadcasting and communications, bio/health, energy/environment, convergence materials, robots, aviation/aerospace, advanced materials/parts/equipment, short-term neutrality, defense industry	273 technologies in 14 fields* * ① Added Technology: Hydrogen (2), Energy efficiency/Transportation (1) ② Expansion of the scope of current technology: Advanced materials, parts, and equipment (2), carbon neutrality (1)

### ② Clarification of technology scope in advanced materials, parts, and equipment field and expansion of technology in the carbon neutral field

Added fields	Detailed technologies	Expanded fields	Detailed technologies
<b>Net-Zero (3)</b>	Ammonia-based hydrogen production technology for ships	<b>Advanced Material, Part, and Equipment (2)</b>	Advanced equipment design and manufacturing technology → Reflection of international standards
	Ammonia-based hydrogen production technology for gas turbine combined cycle power generation		
	Green hydrogen production marine platform design technology	<b>Net-Zero (1)</b>	Biochemical raw material production technology → Addition of bio-synthetic rubber

※ Related law : Attached Table 7 of the Enforcement Decree of the Act on the Restriction of Special Cases Concerning Taxation ㉔

## 2 ... Procedure

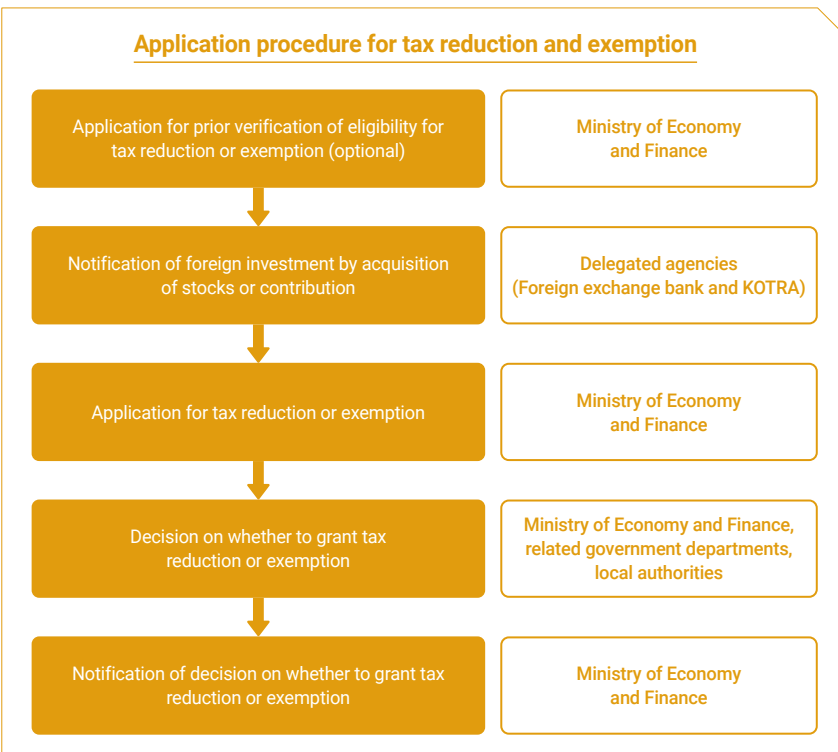
A foreign-invested company that wishes to receive tax reduction or exemption or alter the reported details of its business subject to tax reduction or exemption shall file an application for tax reduction or exemption with the Minister of Strategy and Finance (with the administrative authority of a free trade zone when the company is in an FTZ).

※ Related law: Article 121-2 (6) of the [Act on Restriction on Special Cases Concerning Taxation](#) ㉔

The International Economic Affairs Bureau of the Ministry of Economy and Finance accepts applications for tax reduction and exemption. A foreign investor who wishes to apply for tax reduction/exemption and file FDI notification at the same time may file the application with an FDI notification at the same time at a foreign exchange bank (delegated agency) or KOTRA.

※ Related laws: Article 51-3 of the [Enforcement Rules of the Act on Restriction on Special Cases Concerning Taxation](#) ㉔ 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](#) ㉔

In the case of new investment, an application for tax reduction or exemption shall be filed by the end of the taxable year to which the business commencement date belongs. Where the details of the business that is 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.



## DOCUMENTS

### Application for tax reduction/exemption or change of information

- Notification form (Attached Form 1 of the [Enforcement Rules of the Foreign Investment Promotion Act](#) ② : Notification form of foreign investment by acquisition of stocks or contribution and application for approval, [Attached form no. 2-2](#) ② : Foreign investment through the use of unappropriated retained earnings)
  - Application for tax reduction or exemption or application for change of information (Attached Form 80 of the [Enforcement Rules of the Act on Restriction on Special Cases Concerning Taxation](#) ② )
  - Documents demonstrating or explaining in detail the reasons for filing the application for tax reduction or exemption or the application for change of information.
    - ➡ Required documents prescribed by attached Table 2 of the [Regulations Defining Tax Exemption for Foreign Investment](#) ②
  - Copy of business registration certificate / 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 advance verification of whether a business he/she intends to operate is eligible for tax reduction or exemption 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 reduction or exemption should be filed after notifying FDI.

※ Related law: Article 121-2 (7) of the [Act on Restriction on Special Cases Concerning Taxation](#) ②

#### ② Decision to grant tax reduction or exemption and notice thereof

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 approve any revision to the particulars of reduction or exemption within 20 days of receiving the application, following a negotiation with the relevant Minister and the head of the local government. The Minister shall notify the decision to the applicant, the Commissioner of National Tax Service, the Commissioner of Korea Customs Service and the head of the local government. However, an extension of the review period by up to 20 days is allowed in inevitable cases.

#### ③ Preliminary notice of ineligibility for tax reduction or exemption

The Minister of Economy and Finance shall, when intending to determine a business as not eligible 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 date of application. 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 approve any revisions to the particulars of reduction or exemption within 20 days of the date on which the request was delivered and notify the applicant of the result thereof.

※ Related law: Article 121-2 (8) of the [Act on Restriction on Special Cases Concerning Taxation](#) ② , Article 116-3 (1) to (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](#) ②

## DOCUMENTS

### 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 Act on Restriction on Special Cases Concerning Taxation](#) )
- 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 for New Growth Engine Industry

Checkpoints	YES	NO
<b>1. Is the technology included in attached Table 7 of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation or the list in attached Table 14 of the Enforcement Rules of the same Act? (specify the details in the application for tax reduction or exemption)</b> Example: The technology falls under '3. Visual recognition technology' under 'a. Artificial intelligence' of '2. Intelligent information' in attached Table 7 of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation (technologies for new growth engine industry technologies)	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. Are the documents proving that the technology is one that accompanies a new growth engine business that is essential for upgrading the domestic industrial structure and enhancing domestic industries' global competitiveness submitted?</b> <ul style="list-style-type: none"> <li>• Patent rights, certificate of authorized institution, certificate of passing test, evaluation documents, documents that can prove quality of technology, etc.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Is a description of the technology submitted?</b>		
① Summary (1-2 p) of the essence of the technology	<input type="checkbox"/>	<input type="checkbox"/>
② Description of technical features and its details	<input type="checkbox"/>	<input type="checkbox"/>
③ Statement of the scope of the business that is intended to be operated	<input type="checkbox"/>	<input type="checkbox"/>
<b>4. Are the documents proving that a factory facility (place of business) will be installed or operated to run a business accompanying the technology submitted?</b>		
① Documents describing the manufacturing method and process chart (for manufacturing businesses)	<input type="checkbox"/>	<input type="checkbox"/>
② Documents certifying the location of the factory that produces products using the technology, etc.	<input type="checkbox"/>	<input type="checkbox"/>
<b>5. Is there a business related to the new growth engine industry (related business)?</b> <ul style="list-style-type: none"> <li>• Documents such as production methods and process charts for businesses subject to tax reduction/exemption and its related businesses.</li> </ul>		
<b>6. Is a notification of foreign investment by acquisition of stocks or contribution submitted?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7. Are the Korean translations of the documents submitted in English or a foreign language submitted as well?</b>	<input type="checkbox"/>	<input type="checkbox"/>

\* Source: Ministry of Economy and Finance

## 2 Benefits

### 1 ... Reduction/Exemption 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.

**Tax Reduced/Exempted on: Property Acquired or Held since the Date of Business Commencement**

Tax	Business	Period and Ratio of Reduction/Exemption
Acquisition Tax and Property Tax	Deliberated and voted upon by each committee for the companies in the new growth engine industry and businesses in individual-type foreign investment zones	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% 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% of tax reduction or exemption for 2 years thereafter

※ Related law: Article 78-3 (1) of the [Act on Restriction on Special Cases Concerning Local Taxation](#) ②

### IN DETAIL

#### Exception: Real estate acquired and held before the business commencement date

Even if business has not been commenced yet, real estate acquired on or after the date on which decision to grant tax reduction/exemption are exempted from acquisition tax for acquisitions subject to tax reduction/exemption. In the case of property tax, the first day of the reduction/ exemption period shall be the 'real estate acquisition date', not the 'business commencement date' when calculating the tax reduction/exemption period.

※ Related law: Article 78-3 (2) of the [Act on Restriction on Special Cases Concerning Local Taxation](#) ②

#### 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 Act on Restriction on Special Cases Concerning Local Taxation or raises the reduction/exemption ratio within the scope of the extended period, the extended period or ratio shall be observed, despite the above reduction and exemption regulations prescribed by Article 78-3 of the Act on Restriction on Special Cases Concerning Local Taxation.

## 2 ... Exemption of Customs Duty, Individual Consumption Tax, and VAT 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 Act on Restriction on Special Cases Concerning Taxation.

- 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 [Act on Restriction on Special Cases Concerning Taxation](#) ☞

### ① Application

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

### ② Period

To receive tax exemption on capital goods, import declaration under the Customs Act should be completed within five years of the day of filing an FDI notification pursuant to the [Foreign Investment Promotion Act](#). ☞ However, if import declaration cannot be completed within the abovementioned period before the above period due to inevitable circumstances such as delay in approval of factory establishment, an application for extension can be filed to the Minister of Economy and Finance before the period expires and extend the period by two years (total of seven years).

### ③ Exception

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

## DOCUMENTS

### Exemption of customs duty, individual consumption tax, and VAT for capital goods

- Application form ([Attached Form 83 of the Enforcement Rule of the Act on Restriction on Special Cases Concerning Taxation](#) ☞ )
- Copy of a document proving that the business is subject to tax reduction/ exemption (decision to grant tax reduction/exemption)
- Copy of a document certifying that the capital goods are imported as an international means of payment or an object of investment
- Copy of confirmation of specification of imported capital goods

※ Related law: Article 51-5 of the [Enforcement Rules of the Act on Restriction on Special Cases Concerning Taxation](#) ☞

## Additional Collection of Reduced/Exempted Customs Duty and Local Taxes

Cause for additional collection	Tax	Amount subject to additional collection
Cancellation of registration or business closure	Customs duties, individual consumption tax, VAT, 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 or company	Customs duties, individual consumption tax, VAT	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 reduced/exempted for 5 years retroactively from the date of transfer multiplied by the transfer ratio of shares, 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, VAT, 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, VAT	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) retroactively 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 [Act on Restriction on Special Cases Concerning Taxation](#) , Article 116-8, 9 of the Enforcement Decree of the Act



#### ④ Additional Collection of Reduced or Exempted Tax and Exceptions

Where any of the events prescribed by the Act on Restriction on Special Cases Concerning Taxation occur in relation to the company that is eligible for tax reduction or exemption, customs duties and local taxes are additionally collected by the head of the relevant customs office (or tax office) and the head of the local government. However, reduced or exempted tax is not additionally collected 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 due to its dissolution 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 Economy 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 Presidential Decree

※ Related law: Article 121-5 (5) of the [Act on Restriction on Special Cases Concerning Taxation](#) ②, Article 116-10 (2) of the Enforcement Decree of the Act

## INFORMATION



The Korean government abolished the corporate tax and income tax reduction/exemption scheme for foreign-invested companies at the end of 2018, but maintained the reduction/exemption scheme for local tax (acquisition tax, property tax), customs duty, individual consumption tax and VAT. However, for companies that were determined as eligible for corporate tax and income tax reduction/exemption, the determined reduction/exemption period is guaranteed for 2019 and beyond.

## 3 ... Tax Support for High-Quality Foreign Human Resources

#### ① Income Tax Reduction/Exemption for Foreign Engineers

For wage & salary income provided to a foreign engineer in Korea, 50% of the income tax for wage & salary income received from the first day of providing service in Korea to the month in which 10 years elapse from such day shall be reduced.

#### ② Special Taxation for Foreign Workers

For the income tax on wage & salary income received by a foreign worker (foreign executives or employees excluding daily workers) from the first day of providing service in Korea to the taxable period which ends within 20 years of such date, the amount calculated by multiplying 19% to the wage & salary income shall apply instead of applying the global income tax rate (6-45%).

#### ③ Workers at a Regional Headquarters

The amount of income tax on wage & salary income that a foreign worker receives in return for his/her service in a regional headquarters prescribed by the Foreign Investment Promotion Act for 20 years from the first day of providing service in Korea can be the amount calculated by multiplying the wage & salary income with 19%.

※ Related law: Article 18-2 of the [Act on Restriction on Special Cases Concerning Taxation](#) ②

#### ④ Application of Special Taxation

When filing a year-end tax return for wage & salary income or a finalized return of global income tax base, a foreign worker shall submit a wage and salary income earner's return on income deductions and tax credits under the Ordinance of the Ministry of Economy and Finance ([attached form no. 8 of the Enforcement Rules of the Act on the Restriction on Special Cases Concerning Taxation](#) ②) to the withholding agent, taxpayers' union, or the head of a tax office having jurisdiction over the place of tax payment.

※ Related law: Article 16-2 of the [Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation](#) ②

## 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. Researchers working for a company-affiliated research center, government contributed research facility, etc. (excluding persons only handling administrative matters).
    - Requirements: Persons owning a bachelor's degree or higher in science and engineering with five years or longer of research and development experience in an overseas university or research institute, who are not in a special relationship with the company to which service is provided.
    - Applicable period: Where the first day of providing labor in Korea is on or before Dec. 31, 2026
  3. Excellent overseas talents according to the Special Act on Advanced Industry Talent Innovation and those who meet the criteria announced by the Minister of Trade, Industry and Energy in consultation with the Minister of Economy and Finance and the Minister of Justice (holders of K-Tech Pass)
- ※ Related law: Articles 18 of the [Act on Restriction on Special Cases Concerning Taxation](#) (☺), Article 9 of the Enforcement Rules of the Act

## 4 ... Tax Credit to be Applied Equally to Koreans and Foreigners

### ① Tax credit for start-up SMEs, etc.

For SMEs that were established as one of the 18 types of businesses prescribed by the Act on Restriction on Special Cases Concerning Taxation such as manufacturing, construction, restaurant, and mail order sales, 50 to 100% of corporate tax shall be reduced for five years since the year in which income first occurred.

#### Founded on or before December 31, 2025

Classification	Place of business	
	In overconcentration control zones in Seoul metropolitan area	Others
Start-up SMEs	-	50% reduction for 5 years
Start-up SMEs by young adults	50% reduction for 5 years	100% exemption for 5 years
Business incubation center operators, startup venture SMEs, energy new technology SMEs	50% reduction for 5 years	

#### Founded on or after January 1, 2026

Classification	Place of business		
	In overconcentration control zones in Seoul metropolitan area	Capital area (excluding overcrowded control areas and depopulated areas), non-capital area, or depopulated areas in the capital area	Non-capital area, or depopulated areas in the capital area
Start-up SMEs	-	25% reduction for 5 years	50% reduction for 5 years
Start-up SMEs by young adults	50% reduction for 5 years	75% reduction for 5 years	100% exemption for 5 years
Business incubation center operators, startup venture SMEs, energy new technology SMEs	50% reduction for 5 years		

- 1) Start-up SMEs by young adults: Where the age of the representative who is the largest shareholder at the time of establishment was between 15 and 34
- 2) Overconcentration control zones in the Seoul metropolitan area: All of Seoul, part of Incheon and Gyeonggi-do (refer to attached Table 1 of the Enforcement Decree of the Seoul Metropolitan Area Readjustment Planning Act)

※ Related regulations: Article 6 of the [Act on Restriction on Special Cases Concerning Taxation](#) (☺), Article 5 of the [Enforcement Decree of the Act](#) (☺)

② Special tax reduction/exemption for SMEs

For SMEs prescribed by the Act on Restriction on Special Cases Concerning Taxation such as manufacturing, mining and construction, 5 to 30% of corporate tax is reduced according to the following criteria (reduction ceiling: KRW 100 mil.)

Business	Size of business	Location of place of business	
		Seoul metropolitan area	Others
Wholesale & retail, medical service	Small	10%	
	Medium	-	5%
General businesses subject to tax reduction/exemption	Small	20%	30%
	Medium	-	15%

- 1) Seoul metropolitan area: Seoul, Incheon, Gyeonggi-do
- 2) Small businesses refer to SMEs whose average sales does not exceed the ceiling for small businesses by business type, and other companies other than those are classified as medium companies (refer to attached Table 3 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises)

※ Related regulations: Article 7 of the Act on Restriction on Special Cases Concerning Taxation , Article 6 of the Enforcement Decree of the Act

③ Tax credit for integrated investment

The amount of corporate investment in tangible assets for business (excluding land, buildings, vehicles, etc.) multiplied with the following tax credit rate is deducted from corporate tax.

Division	General Investment			Investment in New Growth Technology Commercialization Facilities		
				Investment in National Strategic Technology		
Basic Deduction Rate	SME	Mid-sized	General	SME	Mid-sized	General
	10%	5%	1%	12%	6%	3%
				25%	15%	15%
Additional Deduction Rate	If the investment amount exceeds the average investment amount for the previous three years, 10% of that amount, twice the basic deduction amount					

※ Related regulations: Article 24 of the Act on Restriction on Special Cases Concerning Taxation , Article 21 of the Enforcement Decree of the Act

Changes in Taxation in 2025

National Strategic Technology: 71 technologies in seven fields\*  
(Appendix 7-2 of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation)

\* Semiconductors, batteries, vaccines, displays, hydrogen, future mobility, biopharmaceuticals

① Addition of 5 new materials, parts, and equipment-related technologies and bioenergy production technologies

	Current	Revised
National Strategic Technologies	66 technologies in 7 fields* * Semiconductor, battery, vaccine, display, hydrogen, futuristic mobility, biopharmaceuticals	71 technologies* in 7 fields * ① Added Technologies: Semiconductor (1), secondary battery (1), display (2), hydrogen (1) ② Expansion of Current Technology Scope: Semiconductor (4), bio (1)

## ② Addition of advanced technologies centered on the semiconductor field

Added fields	Detailed technologies	Expanded fields	Detailed technologies
<b>Semiconductors (1)</b>	Next-generation 3D stacked semiconductor design and manufacturing and related new material development technology	<b>Semiconductors (4)</b>	Next-generation memory semiconductor-related material, part, and equipment design and manufacturing technology → HBM, etc. added
<b>Secondary batteries (1)</b>	Metal compound manufacturing and processing technology		Energy-efficiency enhancing power semiconductor design and manufacturing technology → Power management IC (PMIC) added
<b>Displays (2)</b>	Hybrid cover window material technology		Next-generation digital device SoC design and manufacturing technology → UWB (Ultra Wide Band) added
	Micro LED material, part, and equipment technology		High-performance micro sensor design, manufacturing, and packaging technology → HDR (High Dynamic Range) added
<b>Hydrogen (1)</b>	Hydrogen processing bioenergy production technology	<b>Bio (1)</b>	Biopharmaceutical material technology → Buffer material added

※ Related law : Attached Table 7-2 of the [Enforcement Decree of the Act on the Restriction of Special Cases Concerning Taxation](#) ㉔

## ④ Tax credit for R&D and human resources development expense

- Expenses subject to tax credit for R&D expenses: Commissioned/joint R&D expenses, material costs, labor costs (if the primary time is invested in national strategic technology or new growth/source technology R&D, the proportion is applied according to the invested time), software rental/purchase expenses (excluding general-purpose software such as office software), R&D facility rental fees, technical information expenses, technical guidance expenses, design development guidance expenses, patent search/analysis expenses, cloud usage fees (Article 9 of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation)
- Tax credit rate for R&D expenses (%)

Division	General	New Growth/Source Technology	National Strategic Technology
<b>Small and Medium</b>	25	30~40	40~50
<b>Medium</b>	8	20~30	30~40
<b>Large</b>	Up to 2		

※ Related regulations: Article 10 of the [Act on Restriction on Special Cases Concerning Taxation](#) ㉔, Article 9 of the Enforcement Decree of the Act

## ⑤ Tax credit for companies that increased employment

Where the number of full-time employees of a company increased from that of the previous taxable year, a certain amount (KRW 4 mil.-15.5 mil.) shall be deducted from corporate tax. And where there are employees transferred to regular employee status and employees who returned from childcare leave, additional tax credit shall apply for the relevant persons.

(Basic deduction) No. of increased employees x Tax credit amount (Unit: KRW 10,000)

Business	Deducted Amount			
	SMEs (3 yrs)		Middle-standing company (3 yrs)	Large companies (2 yrs)
	Seoul metropolitan area	Local areas		
<b>Regular</b>	850	950	450	-
Regular youth employees, disabled employees, employees aged 60 or older, career-interrupted women, etc.	1,450	1,550	800	400

※ Related regulations: Article 29-8 of the [Act on Restriction on Special Cases Concerning Taxation](#) ㉔, Article 26-7 of the Enforcement Decree of the Act

(Additional deduction) Persons transferred to regular employee status, employees returning from childcare leave x Tax credit amount (only for SMEs and middle-standing companies) (Unit: KRW 10,000)

Classification	Deducted Amount	
	SMEs (1 yr)	Middle-standing company (1 yr)
Employees transferred to regular employee status*, persons returning from childcare leave	1,300	900

※ Where an SME or middle-standing company transfers its fixed-term employees, part-time employees, dispatched employees, etc., employed as of Jun. 30, 2023 to regular employee status by Dec. 31, 2024,

⑥ Tax credit for new businesses in an employment or industrial crisis zone

For a company that started one of the designated businesses\* or established a new place of business (excluding relocation of existing business) in an industrial crisis zone no later than Dec. 31, 2025, 100% of corporate tax is exempted for five years starting from the year in which income occurred for the first time, and 50% of corporate tax shall be reduced for two years thereafter (for companies other than SMEs, a ceiling for reduction/exemption shall apply)

\* Tax reductions or exemptions for small or medium start-up enterprises under Article 6 (3) of the Act on Restriction on Special Cases Concerning Taxation

※ Related regulations: Article 99-9 of the [Act on Restriction on Special Cases Concerning Taxation](#) , Article 99-8 of the Enforcement Decree of the Act

⑦ Tax reduction/exemption for tenant companies in business cities, special zones for R&D, or other special industrial zones

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

### Definition of Small and Mid-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 shall not be a consumptive service business (e.g., hotels, motels, bars)

#### 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](#) ②

#### 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% 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 is no longer an SME due to an increase in its size or exceeding the standard, the period in which it is considered an SME is changed to "the taxable year in which the reason for the change occurs and the five following taxable years (seven taxable years in the case of a KOSPI or KOSDAQ listed SME)."

※ Related regulations: Article 6 of the [Act on Restriction on Special Cases Concerning Taxation](#) ② and Article 2 of the Enforcement Decree of the Act

### Definition of Middle-Standing Companies

Companies of middle standing refers to companies that satisfy all the following conditions.

- The company is not an SME
- The company shall not operate consumptive service business, financial business, etc.
  - Hotels and motels, drinking places, financial business, insurance and pension business, finance and insurance-related service
- The company's separation of ownership and management (i.e., actual independence) does not fall under any one of the following:
  - ① The company belongs to a business group restricted from mutual investment
  - ② 0% or more of the company's shares are held by a company or corporation (including foreign corporations) that is the largest investor whose total assets are not less than the standard for designation as an enterprise group restricted from mutual investment (amount equivalent to 5/1,000 of GDP)
- The company's average sales over the preceding three taxable years are under KRW 300 billion.
  - ※ Related regulations: Article 7-4 of the [Act on Restriction on Special Cases Concerning Taxation](#) ②, Article 6-4 of the Enforcement Decree of the Act

# Foreign Investment Zones



- Individual-type Foreign Investment Zones
- Complex-type Foreign Investment Zone
- 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. Only FDIs by acquisition of newly-issued stocks and long-term loans of five years or longer are recognized as meeting the requirements for moving into a foreign investment zone. The amount equivalent to acquisition of existing stocks or holding ratio by round-trip investment shall not be calculated as the amount of FDI.

## 1 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 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 reduction/exemption depending on the investment.

### 1 ... Type of Businesses Eligible for Occupancy

The categories of business eligible for 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.

- 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.

### 2 ... Occupancy Requirements

Only companies registered as a foreign-invested company where the share of the foreign-invested company is at least 30% (50% for 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.

### 3 ... Limit on Occupancy

The factory construction area should satisfy the standard area ratio of a factory of the relevant category of manufacturing business (12% 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 the amount of funds that should be invested in accordance with the size of the area where the foreign-invested company intends to move into.

### 4 ... Rents and Rental Security Deposits

Annual rent in an FIZ shall be determined by multiplying the acquisition value (the officially assessed land price where the individual officially assessed land price exceeds the acquisition value) of the relevant FIZ by at least 1%. 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 Economy and Finance and the relevant mayor/provincial governor, in an amount calculated by multiplying the acquisition value by at least 5%. Rental security deposits shall be the amount calculated by multiplying the acquisition value by at least 5% and should be paid in cash. Companies in an FIZ may instead request to replace cash payment with the submission of a guarantee insurance policy or payment certificate of a bank.



## 5 ... Reduction and Exemption of Rents

The rent reduction/exemption rate shall apply proportional to the investment amount that has been paid in full, and the number of employees one month before the issuance of notice for payment of shall be counted as the number of full-time workers. The rent for national and public properties shall be 5% or more of the acquisition amount but companies in FIZs may pay rent at 1% or more of the acquisition amount.

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

Reduction rate	Business	Condition		Notes
		Investment amount	No. of full-time employees	
0%	Tenant company	Market rent (1% of acquisition amount)	-	-
75%	Manufacturing	At least USD 5 million	-	-
		At least USD 2.5 million	70-1549	-
90%	Manufacturing	At least USD 2.5 million	150-199	-
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 to the market rent, which is 5% of the acquisition amount (in case of rent for national or public property)

※ Related law: Article 19 of the Enforcement Decree of the [Foreign Investment Promotion Act](#) ②

## 6 ... Occupancy System for Suppliers

If a company in an FIZ requests that its supplier with no foreigner-held shares be permitted to occupy a part of its factory for the purpose of process shortening or cost reduction, it shall be permitted to move into the area after an evaluation by the evaluation committee and consent of the Minister of Trade, Industry and Energy. The lease contract shall be made within the remaining lease period and should be renewed every five years. The area occupied by a supplier shall not exceed 30% of the total building area of the factory of the relevant tenant company.

## 2 Individual-type Foreign Investment Zones

An individual-type FIZ is a tailored location for large-scale investors, and foreign investors can choose and designate the location of the investment zone.

### 1 ... Criteria for Designation

An FIZ shall be designated when new factory facilities (or place of business) are built or newly installed in existing buildings by the same corporation to install factory facilities, machines, facilities, and equipment 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.

## 2 ... Requirements for Designation

An FIZ can be designated when factory facilities (or place of business) are newly installed and the minimum investment requirement is met.

Minimum Investment	Type of Business
USD 30 million	Manufacturing, new growth engine industry technology, computer programming, system integration and management services, data processing, hosting, and other related service activities
USD 20 million	Resort condominium business, tourism (tourist hotel, floating tourist hotel, Korean traditional hotel), specialized resorts, general resorts, general amusement complexes, international convention facilities, youth training facilities
USD 10 million	Logistics terminal complexes, 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, social infrastructure development through private investment business
USD 2 million	Facilities with 10 or more full-time researchers with master's degree or higher and at least 3 years' research experience in a field related to the industry as a research facility for industries with new growth engines.

※ Related law: Article 25 of the [Enforcement Decree of the Foreign Investment Promotion Act](#) 

The amount of foreign investment that was executed before filing an application for designation shall be excluded. However, where it is recognized that the paid-in foreign investment amount was used to purchase real estate, etc. in the area in order to obtain designation as an FIZ, the investment shall be recognized as foreign investment. If two or more foreign investors are designated as an individual-type FIZ, they shall sign a contract on the obligation to implement and carry out their investment plans.

## 3 ... Application for Designation


To be designated as an individual-type FIZ, a mayor or provincial governor shall establish a designation plan including the documents below and submit them to the Minister of Trade, Industry and Energy.

## 4 ... Rent and Limit on Occupancy

The rent for an individual-type FIZ may be reduced by 100% 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% of the amount invested by the tenant company.

## 5 ... Alteration of Designation

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

\* For the current state of individual-type FIZs, refer to the "2023 Industrial Location Booklet" on the Korea Industrial Complex Corporation website ([www.kicox.or.kr](http://www.kicox.or.kr)) 

### 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 / 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

• [Attached Form no. 2 of the Guidelines for Operation of FIZ](#) 

※ [Related law: Article 25 \(6\) 2 of the Enforcement Decree of the Foreign Investment Promotion Act](#) 

## 3 Service-type Foreign Investment Zones

They refer to areas designated for lease or sale 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 service businesses' demand for moving into areas and buildings.

### 1 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 after reviewing whether it satisfies 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, job creation effects, etc., in addition to the anticipated effects of funding when submitting a plan to newly designate or expand a service-type FIZ in the region.

※ [Related regulations: Attached form 3 of the Foreign Investment Zone Operation Guidelines](#) 

### 2 Requirements for Designation

New and additional designated areas (site) or buildings must be immediately available, and the move-in demand for foreign-invested companies that notified investment must be explicitly stated. However, if a certain area in a national or public property (including buildings) has been designated in advance, the move-in demand for notified investment shall be secured at least 30% of the designated space.

### 3 Businesses Eligible for Move-in

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)

## 4 ... Occupancy Requirements

Foreign-invested companies with an FDI ratio of 30% or more (including FDI of KRW 100 million) that completed foreign-invested company registration no later than the occupancy contract date are qualified as tenants.

### Minimum Number of Employees and FDI in a 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	15 or more researchers	
Industrial support service (excluding logistics)		
Knowledge service		
Culture	10 or more	
Headquarters		

- 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.
- Among the tourism and industrial support service industries, logistics industries must meet the investment requirements that exceed the FDI standards for individual FIZ according to Article 25 (1) of the Enforcement Decree of the Foreign Investment Promotion Act.

※ Related law: Attached Table 3,4 of the [Guidelines for Operation of Foreign Investment Zones](#) 📄

## 5 ... Lease

Where a site is for lease, an occupancy contract shall be made for a period not exceeding 10 years in total (50 years for R&D business). However, where a building is 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 previous lease period.

## 6 ... Building Rent Subsidies

The State or a local government may subsidize the rent for buildings in a service-type FIZ. In such case, the State or local government may subsidize an amount not exceeding 75% of the standard rent, but the standard rent shall not include the security deposit.

### Location-Related Changes in 2025

- Opportunity Development Zone – **Package support by designating a separate quota in non-capital areas**
  - Foreign investment outside the Seoul metropolitan area is designated as opportunity development zones and support packages including tax support, financial support, improvement of living conditions shall be provided.
  - Where a foreign investment is designated as an opportunity development zone, the area shall not be included in the area ceiling in each city/province, and existing investments shall be included retroactively.

\* [Metropolitan City] 4.95 km<sup>2</sup> (1.5 million pyeong) / [Province] 6.6 km<sup>2</sup> (2 million pyeong)

\*\* e.g.) Local government A can have an additional area, equivalent to the already designated area of a foreign investment company (100,000 pyeong), designated as an opportunity development zone, and this area will be exempted from the area cap even if it is designated as an opportunity development zone in the future when attracting foreign investment companies.

## Location-related Changes in 2025

### • Map of Opportunity Development Zones in 14 Cities and Provinces

#### Daejeon Metropolitan City

- Yuseong-gu (defense industry)  
\*Designated conditionally
- Yuseong-gu (bio)

#### Gangwon Special Self-Governing Province

- Gangneung (medicines, etc.)
- Wonju (battery modules, etc.)
- Yeongwol (minerals)
- Donghae (hydrogen, etc.)
- Samcheok (hydrogen, etc.)
- Hongcheon (medicines, etc.)

#### Sejong Special Self-Governing City

- Yeonsu-myeon (medicines, auto parts, etc.)
- Jiphyeon-dong (ICT/SW, robots, etc.)
- Jeondong-myeon (medicines, etc.)

#### Chungcheongbuk-do

- Jincheon (secondary battery materials)
- Jecheon (food, auto parts)
- Boeun (semiconductor-related)
- Eumseong (semiconductors)

#### Chungcheongnam-do

- Boryeong (hydrogen, food)  
\*Some parts designated conditionally
- Yesan (biopharmaceuticals, etc.)
- Seosan (petrochemicals, etc.)
- Nonsan (defense industry)
- Buyeo (secondary battery-related)

#### Gyeongsangbuk-do

- Pohang (secondary battery materials)
- Gumi (semiconductors, secondary batteries, defense industry)
- Sangju (secondary battery materials)
- Andong (bio)

#### Jeonbuk Special Self-Governing Province

- Gimje (auto parts, special vehicles)
- Jeonju (carbon fiber)
- Iksan-Jeongeup (veterinary medicine, health functional foods)

#### Ulsan Metropolitan City

- Ulsu-gun (secondary battery (materials) petrochemicals, etc.)
- Nam-gu Buk-gu (electric vehicles, etc.)
- Nam-gu (LMG storage tanks, etc.)

#### Gwangju Metropolitan City

- Gwangsan-gu (automobile parts)
- Buk-gu (AI data center, etc.)

#### Busan Metropolitan City

- Dong-gu Nam-gu (finance)

#### Jeollanam-do

- Gwangyang Bay Area (secondary battery materials)
- Yeosu (LMG terminal, hydrogen)
- Haenam (Data Center Complex)  
\*Designated conditionally
- Mokpo/Haenam (Offshore Wind Turbines, etc.)
- Suncheon (Cultural Content)

#### Gyeongsangnam-do

- Goseong (offshore wind power structures)

#### Jeju Special Self-Governing Province

- Seogwipo (aerospace)

#### Daegu Metropolitan City

- Dalseong-gun (secondary battery materials electric vehicle parts)
- Buk-gu (electric vehicles robot parts)
- Suseong-gu (data center ICT/SW)

• Opportunity Development Zone Incentive Package

Category	Sub-Category	Details
Tax Support	Income and Corporate Tax	<ul style="list-style-type: none"> <li>When a company in the capital area disposes of business real estate and relocates to an opportunity development zone, income tax and corporate tax are deferred until the disposal of real estate acquired within the opportunity development zone</li> <li>Income and corporate tax are reduced or exempted for startups and newly established businesses (100% for 5 years + 50% for 2 years)</li> </ul>
	Acquisition and Property Tax	<ul style="list-style-type: none"> <li>When a company relocates to an opportunity development zone                             <ul style="list-style-type: none"> <li>* Acquisition tax (including 50% by ordinance) 100% reduced or exempted, property tax reduced by 100% for 5 years + 50% for 5 years</li> </ul> </li> <li>When starting a business within an opportunity development zone                             <ul style="list-style-type: none"> <li>(Non-capital Area) Acquisition tax (including 50% by ordinance) reduced by 100%, property tax reduced by 100% for 5 years + 50% for 5 years</li> <li>(Capital Area) Acquisition tax reduced by 75% (including 25% by ordinance), property tax reduced by 100% for 3 years + 50% for 2 years</li> </ul> </li> <li>When constructing or expanding a factory                             <ul style="list-style-type: none"> <li>(Non-capital Area) Acquisition tax reduced by 75% (including 25% by ordinance), property tax reduced by 75% for 5 years</li> <li>(Capital Area) Acquisition tax reduced by 75% (including 25% by ordinance), property tax reduced by 35% for 5 years</li> </ul> </li> </ul>
	Inheritance tax	<ul style="list-style-type: none"> <li>Easing of post-management requirements for family business inheritance deduction for companies relocating to an opportunity development zone                             <ul style="list-style-type: none"> <li>* Abolishment of 'restrictions on changing business types' and 'obligation for heirs to serve as CEO'</li> </ul> </li> </ul>
	Interest and dividend income tax	<ul style="list-style-type: none"> <li>9% separate taxation when investing in an opportunity development zone fund created with private capital for a certain period (10 years) or longer</li> </ul>
	Transfer income tax	<ul style="list-style-type: none"> <li>Application of special tax exemption for rural housing transfer when acquiring a house in an opportunity development zone</li> </ul>
Financial support	Local investment promotion subsidy	<ul style="list-style-type: none"> <li>Addition of 5%p to the local investment promotion subsidy support ratio</li> </ul>
	Development charge	<ul style="list-style-type: none"> <li>Development charge 100% exempt</li> </ul>
Improvement of living conditions	Special housing supply	<ul style="list-style-type: none"> <li>Special private housing provided for workers of companies in an opportunity development zone</li> </ul>
	Shared workplace daycare center	<ul style="list-style-type: none"> <li>Additional points given when selecting companies that will receive support for establishing a shared workplace childcare center</li> </ul>
Other	Regulatory exceptions	<ul style="list-style-type: none"> <li>Local governments directly design regulatory exceptions and apply                             <ul style="list-style-type: none"> <li>→ Granting of relevant regulations and exceptions after deliberation and resolution by the Presidential Committee for Decentralization and Balanced Development</li> </ul> </li> </ul>

※ Reduction/exemption of development charges, exemption from application of restrictions, and special supply of housing shall be applied when the Special Act on Promotion of Balanced Regional Investment is passed by the National Assembly.

## Frequently Asked Question & Answer



Q1

If a company that moved into an FIZ increases capital to expand business without investment from a foreign investor and consequently its foreign investment ratio falls below 30%, therefore no longer satisfying the qualification for occupancy in an FIZ, should the company pay market rent?

A1

If a tenant company in an FIZ increases domestic capital without decrease in the foreign investment amount to install factory facilities, machinery, equipment after implementing its business plan and consequently no longer satisfies its qualification for occupancy, the rent reduction rate that has been applied shall remain unchanged. However, in this case, the FDI stock ratio of 10% or more should be maintained.

Q2

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

A2

In the case of complex-type and individual-type FIZ, the period for fulfilling the project plan of the tenant company shall be five years from the date of the occupancy contract, and whether or not it has been fulfilled shall be determined by the remaining amount of FDI and the building area after five years. However, in the case of service-type FIZ, the period for fulfilling the project plan of the tenant company (amount of FDI, building construction area, minimum number of employees, etc.) shall be three years from the date of the occupancy contract.

Q3

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?

A3

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% of the acquisition price, which is the market price.

※ Current status of designated Complex-type FIZ: Sites (p.55)

Q4

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

A4

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





# Cash Grant



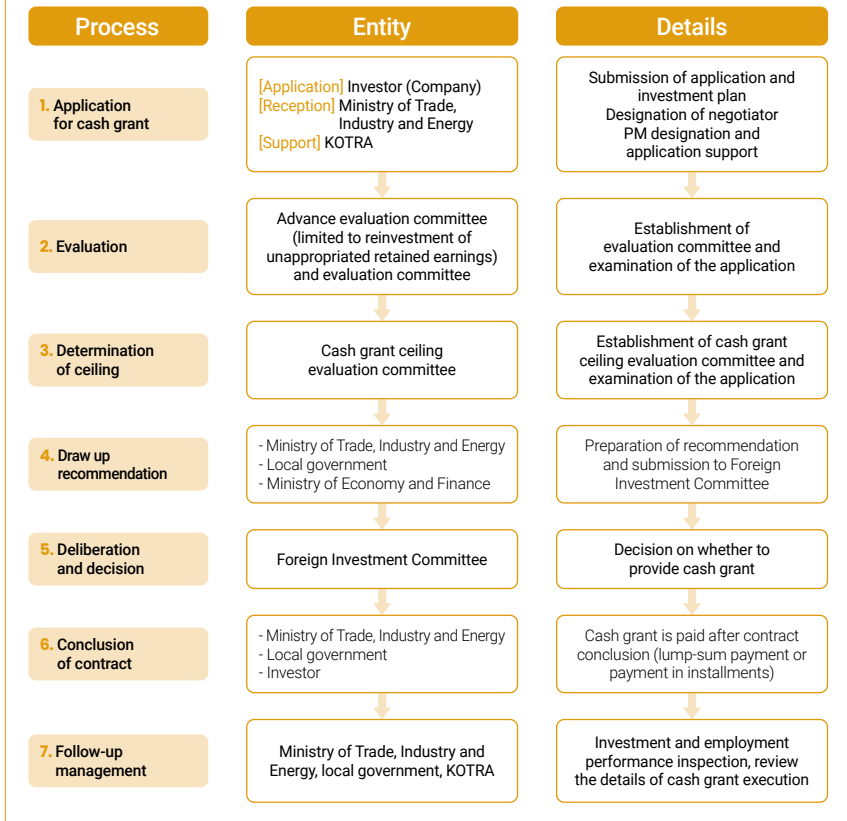
- Eligibility for Cash Grant
- Support Provided
- Application Process



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


## Process

An application shall be submitted to The Ministry of Trade, Industry and Energy (Department of FDI Promotion) with support from KOTRA's investment hub offices, Invest Korea or the local government. The Investment Cooperation Support Team in Invest Korea and its project managers (PM) provide consultation on whether or not the requirements are met, and the application and screening procedures.



## DOCUMENTS

### Application for cash grant

- Application form (Attached form No. 11-3 form of the Enforcement Rules of the Foreign Investment Promotion Act )
- Investment plan and summary of plan
- 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 

## 1 Eligibility for Cash Grant

Foreign investment through acquisition of new shares (including foreign investment through the use of unappropriated retained earnings) shall be eligible for cash grant. The foreign investment ratio should be 30% or higher, and investments through long-term loans are not eligible.

### 1 ... New Growth Engine

Technologies for new growth engine industry and source technology, materials processing technology directly related to new growth technology

※ Related law: Industries under Article 121-2 (1) 1 of the [Act on Restriction on Special Cases Concerning Taxation](#) , attached Table 7 of the Enforcement Decree of the Act, attached Table 14 of the [Enforcement Rule of the Act](#)

### 2 ... High Technology

Construction or expansion of factory, etc. for high technology and high-tech product industry

※ Related law: Article 5 of the [Industrial Development Act](#) , Public notice no. 2022-36 by the Ministry of Trade, Industry and Energy, attached Table 1 - [Scope of high technology and high-tech product](#)

### 3 ... Materials and Components

Textile, pulp, chemicals, medicine, rubber, 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 Strengthening the Competitiveness of Materials, Components, and Equipment Industries and Stabilizing Supply Chain](#) attached Table 1 of the Enforcement Rules of the Act

### 4 ... Job Creation

Manufacturing, construction, transportation, information service 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](#)

### 5 ... R&D Center

Any new or existing research facility with five or more research-dedicated employees (those with a master's degree or higher in related fields or a bachelor's degree or higher and at least three years' research experience) 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) 5 of the [Foreign Investment Promotion Act](#)

### 6 ... 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% 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](#)

## 7 ... Regional economic development

If it corresponds to specialized regional industries required for creating local jobs and strengthening the competitiveness of regional industries and ultra-wide regional zone industries and it is deemed to contribute to local economic development.

※ Subparagraph 6, 8 of Article 2 of the [Special Act on Local Autonomy and Decentralization, and Balanced Development](#) ②

## 8 ... Conversion to advanced industries

If contribution to the domestic industry and technology development is recognized by replacing existing factory facilities with business facilities related to national strategic technology, new growth engine industrial technology, and advanced technology and product-related facilities

※ Related regulations: Article 20-2 (5) 4 of the [Enforcement Decree of the Foreign Investment Promotion Act](#) ②

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

#### 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)	Opportunity Development Zone (central: local government)
Land, building purchase, or rental expense [Construction, capital goods and research aid purchase price, infrastructure installation expense]	30:70	70:30	80:20
Employment subsidies or education and training subsidies	50:50		

※ Can enhance up to 10%p of the national share ratio for businesses in the advanced industries and R&D sectors and 20%p for businesses in the national and advanced strategic technology sectors. (However, the maximum limit for the national share ratio is 80%.)

### 3 Application Process

#### 1 ... Application Documents

A foreign investor wishing to receive a cash grant should prepare and submit documents, such as cash grant application and investment plans, to the Ministry of Trade, Industry and Energy.

## 2 ... Review of Application

To decide on whether to grant cash support, the Ministry of Trade, Industry and Energy hosts an evaluation committee consisting of experts in the foreign investment, technology, finance, industry fields to evaluate the technological level, technology transfer effect, scale of job creation, overlap with domestic investment, impact on local and national economy, and investment survivability.

## 3 ... Determination of Cash Grant Ceiling

A cash grant ceiling evaluation 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.

### DOCUMENTS

#### 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 for investing in Korea (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 grant
- ※ Related forms: Attached form 11-3 of the Enforcement Rules of the Foreign Investment Promotion Act 📄 , attached form 1 of Article 6 (3) of guidelines for operation of cash grant scheme 📄

## 4 ... Negotiation and Decision of Cash Grant Amount

Approval of cash grant is determined after the Ministry of Trade, Industry and Energy consults with the Minister of Economy and Finance and the relevant local government and the Foreign Investment Committee undergoes a deliberation and resolution. The cash grant is paid after concluding a cash grant contract. However, if the cash grant amount excluding the amount provided for site support is less than KRW 1 billion, a decision to provide cash grant can be determined by a deliberation and resolution by the Foreign Investment Working Committee.

## 5 ... Payment Method

Cash grant can be paid in lump sum within one year from the date the contract is concluded or up to 10 installments within five years from the conclusion contract date. An applicant should set up a separate account for the cash grant and account for the revenue and expenditure. When cash grant is paid in installments, the applicant should submit an application that states the size and purpose of the cash grant, the investment execution performance, expenditure of cash grant, etc. shall be considered before cash grant is paid, and the amount and period of the payment can be adjusted.

## 6 ... Conclusion of Contract

When cash grant is approved, the Minister of Trade, Industry and Energy, the head of the relevant local government and the applicant shall become parties to the cash grant contract and conclude the cash grant contract, which shall include cash grant system operation guide and related laws, such as the Foreign Investment Promotion Act, etc.

### IN DETAIL

#### 1. Aftercare

The president of KOTRA shall check the applicant's investment execution plan, R&D activities, etc. every year during the contract period and submit a report to the head of the local government and the Minister of Trade, Industry and Energy. After the applicant has spent the cash grant, he/ she should submit a report to the president of KOTRA within two months. Also, when the cash grant is paid in full, the applicant should return the remaining cash grant amount and interest incurred for the cash grant in 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 ㉔, Form No. 3 Performance Report of Cash Subsidy, Guidelines for the Operation of Cash Support System ㉔

- 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 unappropriated retained earnings) of the Act should set up a separate account for the amount to be recognized as foreign direct investment by reinvesting unappropriated retained earnings immediately when the cash support contract is concluded.

### 3. Reduction or recollection of cash grant

In the event of fraudulent or unjust application, etc., the relevant cash grant is to be withdrawn or the amount is to be reduced or recollected through deliberation by the Foreign Investment Committee.

## INFORMATION

### ◆ Roles of the Invest Korea Investment Collaboration Support Team

Category	Description
Counseling	Provides counseling and other support services concerning the requirements, application procedures, required documents, etc. related to the cash support system to foreign direct investors and foreign-invested company, local governments, and other related agencies.
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.
Assessment and analysis	The Center holds advance assessment committee (when unappropriated 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.
Follow-up Management	Reviews investment and employment performance, disbursement details and other related aspects during the cash grant contract period.

※ Inquiry concerning cash support: 02-3460-7836, 3239

### ◆ Advance Examination System

Category	Description
Eligibility for review	For national and advanced strategic technology industries projects or investment projects with less than USD 5 million in foreign investment, apply for preliminary evaluation at KOTRA prior to cash grant evaluation.
Review procedure	- Submit the preliminary evaluation application form and investment plan * Related regulations: Attached forms No. 4 and 5 of the cash grant system guidelines
Items of review	KOTRA evaluates the availability and the upper and lower limits of cash grants by assessing the applicant's technology and technology transfer levels, differentiation against domestic investors, possibilities of non-domestic investment, employment effect, impact on the regional and national economies, and appropriateness of the establishment location
Result notification	Applicants and the Ministry of Trade, Industry, and Energy are notified of the results within 30 days of receipt of the preliminary examination application (excluding the period for application document supplementation (within 15 days))

\* The result of preliminary examination may be different from the cash grant application result, and the fact that it carries no legal binding force is notified in advance

\*\* For the applicant who was notified of the evaluation results to actually receive cash support, the cash grant application needs to be submitted to the Ministry of Trade, Industry and Energy

※ Related law: [Guidelines for operation of cash support system](#) 📄 Articles 14 to 17

# Frequently Asked Question & Answer



Q1

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

A1

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](#) ☺ , Article 10 (6)





# R&D Support



- Business-Affiliated Research Institute and Department Dedicated to R&D
- Professional Research Business



Korea has a well-structured industrial infrastructure and advanced human resources, making it an optimal place for research and development activities. Moreover, the Korean government pursues sustainable growth and invests in high technology and future growth engine industries, and also does not spare efforts to support R&D activities which lay the foundation for the nation's competitiveness. On receiving the report of business-affiliated research institutes and R&D departments of companies, the government provides benefits for R&D activities in regard to research personnel, taxation, customs duty, funding and technical support. A business that supports R&D activities can be designated as a professional research business to receive government incentives similar to that provided to business-affiliated R&D institutes in areas such as research personnel, taxation and finance. In particular, a foreign-invested company can receive additional incentives including cash grants, tax benefits and site support if it has an R&D facility that meets certain qualifications. In addition, a regional headquarters or R&D facility designated by the Minister of Trade, Industry and Energy are eligible to apply for a business investment (D-8) visa.

# 1

## Business-Affiliated Research Institute and Department Dedicated to R&D

To promote R&D activities\*\* in the science and technology or service sectors\*, the company is required to notify research institutes and dedicated departments that meet certain requirements, and various supports and benefits in terms of tax, funding, and manpower are provided to recognized research institutes and dedicated departments.

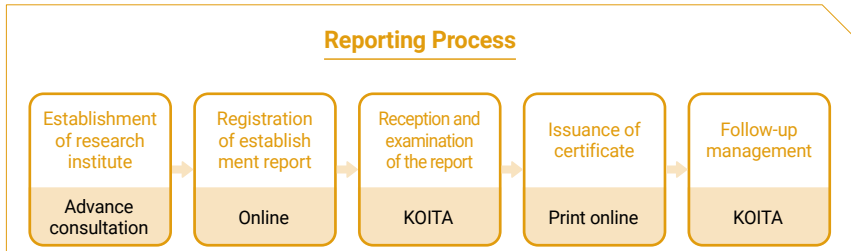
\* Service Sector: All industries except for the six related industries in the Enforcement Decree [Appendix 1], such as general bar businesses, block chain-based crypto asset trading and brokerage, etc.

\*\* R&D Activities: Systematic and creative activities that utilize accumulated creative knowledge to accumulate knowledge in the science and technology or service sectors or to find new application methods. These include all processes up to commercialization, such as designing, manufacturing, and testing prototypes for developing new products and processes and developing new services and service delivery systems (subparagraph 5 of Article 2 of the Enforcement Decree).

- (Legal Basis) Article 14-2 of the **Basic Research Promotion And Technology Development Support Act** 🇰🇷, Article 16-2 of the Enforcement Decree of the same Act
- (Reporting Entity) Companies that wish to report business-affiliated research institutes and department dedicated to R&D (including individual business owners)
- (Responsible Organization) Korea Industrial Technology Association

### 1 ... Reporting Method

If the company meets the reporting requirements, then prepare the required documents and submit them online to the business-affiliated research institute/dedicated department reporting management system ([www.rnd.or.kr](http://www.rnd.or.kr)) (Establish first, report afterward).



- (Due Date for Processing) Processing is completed within 10 days of submitting the report (excluding the time required for application supplementation, document transfer, and additional procedures.)

※ Contact: 1379+3 (business-affiliated research institute/dedicated department's reporting management system related general consultation)  
Download and refer to the "Handbook on reporting to business-affiliated research institutes and department dedicated to R&D" in the Archive of the Report Management System.

## 2 ... Requirements for Approval

Business-affiliated research institutes / departments dedicated to R&D must satisfy both human resources requirements and facility requirements in order to receive approval.

Classification			Requirements
Human resources requirements	Business-affiliated research institutes	Start-ups	2 or more research personnel
		SME established by researchers	
		Small-sized company	3 or more research personnel (2 or more within 3 years of starting business)
		mid-sized company	
		business-affiliated research institutes located overseas (Overseas research institutes)	5 or more research personnel
		Middle-standing	7 or more research personnel
	Departments dedicated to R&D	Conglomerates	10 or more research personnel
		Applied regardless of company size	1 or more research personnel
Facility requirements	Required facilities and space		Independent research space and facilities essential for R&D activities

### IN DETAIL

#### Requirements for Approval as a Research Institute

##### ① Qualifications of a Research Personnel

- A researcher must have a bachelor's degree or higher in a natural science field (e.g., natural science, engineering, science, agriculture, medicine, etc.).
  - If the main occupation is industrial design or service, the person whose major is not in the natural sciences may be qualified as a researcher.
- A person with a first-class or higher qualification in a technical/engineering field or a service field (limited to the service field), according to the National Technical Qualifications Act can be a researcher.
- In the case of a company confirmed as an SME according to the Framework Act on Small and Medium Enterprises:
  - Holders of an associate bachelor's degree in the natural sciences, an industrial engineer, or a second-class or higher qualification in the service field (limited to the service field) can register as a researcher if they have 2 years or more of research experience (however, in the case of the associate bachelor's degree from a 3-year college, 1 year or longer research experience is required)
  - Graduates of Meister High Schools, specialized high schools, and technicians can be recognized as research specialists if they have 4 years or more of research experience
- Those who are studying for a degree that interferes with the company's research and development activities, those who cannot perform research and development activities for more than 6 months, and those who cannot prove that they are company employees through the four major social insurances, etc., cannot register as research personnel.

##### ② Research Space and Facilities

- An independent space is a space that is closed on all sides and has an exclusive entrance. It is not recognized as a research space if it utilizes a partition or other movable partition.
- As an exception, ① medium enterprises, small enterprises, researcher/faculty start-up companies, venture company research institutes and dedicated departments ② large corporations and mid-sized companies in the service sector (only information service or software development and supply industries in the publishing, video, broadcasting, communications, and information service sectors) and the research space area is 50 m<sup>2</sup> or less; it is recognized as a research space if it is distinguished from other departments by a partition, bookshelf, or spacer.
- Unlicensed, temporary, and residential buildings are not recognized as research spaces.



### ③ Research Equipment and Auxiliary Facilities

- Research equipment includes measuring and testing equipment, prototype production facilities, and exclusive development programs required for research and development activities conducted by the company according to the research and development activities outline. They must be installed and used exclusively within the research institute.
- Research equipment does not include office supplies (desks, copiers, etc.) and basic measuring instruments (vernier calipers, micrometers, etc.) used for general purposes.
- PCs and development tools (S/W) used for research and development activities in research institutes in the service sector may be included in research equipment.



## 3 ... Support Provided

A company that registered its business-affiliated research institute or department solely responsible for R&D is eligible to receive support in regard to taxation, customs duties, human resources, and funds.

### Summary of Major Support Systems for Research Institutes/Dedicated Departments

Classification	Support System	System Overview	Research Institute	Dedicated Department
Tax Support	Tax credit for research personnel development expenses (General) (Article 10 of the Act on Restriction on Special Cases Concerning Taxation)	Deduction of certain expenses used for research and development and in-house development from income tax or corporate tax (select from current period or increased amount) - 25% of the amount incurred in the current year (8% for middle-standing companies, 0-2% for large corporations) - Or <Amount incurred in the current year - Amount incurred in the previous tax year> x 50% (40% for middle-standing companies, 25% for large corporations)	○	○
	Tax credit for research and development expenses for new growth and source technologies (Article 10 of the Act on Restriction on Special Cases Concerning Taxation)	When spending R&D expenses on new growth and source technologies, a certain percentage of the R&D expenses is deducted from income tax or corporate tax - SMEs: Amount incurred in the current year x (30% + up to 10% [New growth and source technology R&D expenses/Sales x 3]) - KOSDAQ-listed middle-standing companies: Amount incurred in the current year x (25% + up to 15% [New growth and source technology R&D expenses/Sales x 3]) - Large/middle-standing companies: Amount incurred in the current year x (20% + up to 10% [New growth and source technology R&D expenses/Sales x 3]) * Refer to the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation [Appendix 7] for the scope of technology	○	○
	Tax credit for research and development expenses for national strategic technologies (Article 10 of the Act on Restriction on Special Cases Concerning Taxation)	When spending R&D expenses on national strategic technologies, a certain percentage of the relevant research and development expenses is deducted from income tax or corporate tax - SMEs: Current year incurred amount x (40% + up to 10% [National strategic technology research and development expenses/Sales amount x 3]) - Large/middle standing companies: Amount incurred in current year x (30% + up to 10% [National strategic technology research and development expenses/Sales amount x 3]) * Refer to the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation [Appendix 7-2] for the scope of technology	○	○

Classification	Support System	System Overview	Research Institute	Dedicated Department
Tax Support	Integrated investment tax credit (Article 24 of the Act on Restriction on Special Cases Concerning Taxation)	If a Korean national invests in a facility for research and human resource development or a facility for commercializing new technology, 1-10% of the investment amount (3-12% for new growth source technology, 15-25% for national strategic technology) is deducted from income tax or corporate tax for the tax year in which the investment completion date falls. - Basic deduction [Amount of facility investment for the year x (1-10%)] + Additional deduction [(Amount of facility investment for the year - 3-year average annual investment amount) x 3%]	○	○
	Local tax reduction for real estate for business-affiliated research institutes (Article 46 of the Act on Restriction on Special Cases Concerning Local Taxation)	A 60% reduction in acquisition tax on real estate acquired for direct use as a business-affiliated research institute (the attached land is limited to within 7 times the floor area of the building) and a 50% reduction in property tax on real estate used directly as a business-affiliated research institute as of the tax base date. (However, 35-50% for large/middle-standing companies, and excluding research institutes established in over-concentration control area) * If, within 3 years from the date of recognition as a business-affiliated research institute, the New Growth and Source Technology Deliberation Committee pursuant to Article 9 (11) of the Enforcement Decree of the Act on Restriction on Special Cases Concerning Taxation determines that the technology is eligible for the new growth and source technology research and development expenses paid by the company, an additional 10% deduction is available from the existing deduction amount.	○	○
	Non-taxation of income tax for the research activity expenses for dedicated research personnel (Article 12 of Enforcement Decree of the Income Tax Act)	Small and medium venture companies are exempt from income tax on research subsidies or research activity expenses of up to KRW 200,000 per month received by those directly engaged in research activities at business-affiliated research institutes or dedicated research and development departments.	○	○
Customs Support	Tariff reduction for industrial technology research and development items (Article 90 of the Customs Act)	80% of the tariff imposed on imported goods by business-affiliated research institutes, research and development departments, and industrial technology research associations is reduced to contribute to the research and development of science and technology or industrial technology.	○	○
Human Resources Support	Expert Research Personnel System (Article 36 of the Military Service Act) <Military Manpower Administration>	Military service obligation is exempted within the assigned T/O limit for newly hired research personnel at business-affiliated research institutes that meet certain criteria (Granting eligibility to apply for the project) * Securing research personnel with a master's degree or higher in the natural sciences (5 or more for middle-standing companies, 2 for small and medium ventures, 1 or more for start-ups)	○	X
	Support for hiring new researchers <Ministry of SMEs and Startups>	Relieve the shortage of research personnel and improve corporate technology development capabilities by supporting the recruitment of highly experienced researchers with research experience at SMEs	○	○
	Support for hiring highly experienced researchers <Ministry of SMEs and Startups>	Relieve the shortage of research personnel and improve corporate technology development capabilities by supporting the recruitment of highly experienced researchers with research experience at SMEs	○	○
Fund Support	National research and development project participation support system <R&D related ministry>	Support for a certain percentage of research and development expenses as research subsidies when participating in national research and development projects such as specific research and development projects (Granting eligibility to apply for the project or additional points)	○	△
	Project for fostering excellent business-affiliated research institutes (ATC+) <Ministry of Trade, Industry and Energy>	Support for improving R&D capabilities of research institutes affiliated with SMEs and middle-standing companies to foster them as key players in corporate growth and industrial innovation (Granting eligibility to apply for the project)	○	X

Classification	Support System	System Overview	Research Institute	Dedicated Department
Other Supports	Recommendation for exclusive use of conservation areas for business-affiliated research institutes (Article 12 of the Mountainous Districts Management Act) <Ministry of Science and ICT>	If the Minister of Science, Technology and ICT recommends the establishment of a business-affiliated research institute in a conservation area in accordance with the Mountainous Districts Management Act, the conservation area may be converted into a land for establishing the research institute.	○	X
	Venture verification and Innobiz certification <Ministry of SMEs and Startups>	① Only companies with business-affiliated research institutes are allowed if the venture business is verified as a research and development company. ② Among other types of venture businesses, the allocation ratio of companies with business-affiliated research institutes is high in the evaluation items of technological evaluation and R&D activity indicators for Innobiz certification.		
	Exceptions to the restriction on the period of employment of temporary workers (Article 4 of the Act on the Protection of Fixed-Term and Part-Time Employees) <Ministry of Employment and Labor>	Exceptions to the usage period restriction are recognized for directly engaging in research work at a research institute affiliated with a company or university or engaging in work that directly supports research work, such as conducting experiments and surveys.		
<p>⇒ In addition, the central government, local governments, and public institutions (including state-owned enterprises) are taking measures such as granting application qualifications only to companies with research institutes and dedicated departments when ordering various technology development funds or projects, or giving them preferential treatment during screening and selection.</p> <p>* The support system may change due to revisions to laws, etc.</p>				

## 2 Professional Research Business

### ① Definition of specialized research business

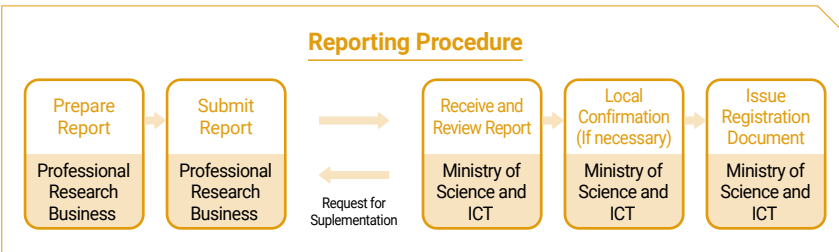
A specialized research business is a person with expertise operating a research business who has reported such pursuant to Article 6 (1) of the R&D Industry Promotion Act.

Research Business	Category	Business Contents
	On-demand Research Business	An industry that independently conducts research and development or outsources all or part of it to an external party * Testing, inspection and analysis, design and analysis, SW and solution development, prototype production, etc.
	Research Management Business	An industry that supports research and development activities, such as planning research and development, managing research and development, supporting commercialization, and investigating and providing technical information related to research and development * Planning R&D projects and tasks, supporting technology transfer and transactions, supporting IP acquisition, management and utilization, etc.
	Research Equipment Business	An industry that develops, modifies, maintains, and repairs equipment, peripheral systems, and parts used in research and development * Development of optical and electronic imaging equipment, compound pre-processing and analysis equipment, physical measuring equipment, etc.
	Research Material Business	An industry that develops and provides materials or supplies necessary for research and development * Organic, inorganic, and biomaterials for research (including reagents), research instruments, consumable materials, etc.

## ② Specialized research business reporting system

- (Purpose of the system) The research industry is an R&D-based industry that can maximize national R&D productivity. It aims to create an environment where research industry companies can focus solely on research, thereby improving research efficiency and laying the foundation for its development. It also aims to discover and foster capable professional research operators to enhance the industry's competitiveness.
- (Legal basis) Article 6 of the Research Industry Promotion Act and Article 5 of the Enforcement Decree of the same Act
- (Reporting entity) Companies (including individual business owners) wishing to report as professional research operators
- (Operating agency) Korea R&D Industry Association

## 1 ... Reporting Method



- Apply through the expert research personnel reporting and management system of the Korea R&D Industry Association ([regist.rndia.or.kr](http://regist.rndia.or.kr)). Processing takes 30 days or less.

※ Contact (Korea R&D Industry Association)

3F, 21 Mugyo-ro (Mugyo-dong), Jung-gu, Seoul, TEL 02-779-9070/9071

E-Mail: [rndia@rndia.or.kr](mailto:rndia@rndia.or.kr) / Homepage : [www.rndia.or.kr](http://www.rndia.or.kr)

## Documents

Documents to be Submitted	Attached Documents
① Report form (Appendix 1)	Business registration certificate, copy of corporate registration
② Business Overview (Appendix 2)	-
③ Status of organization and professional manpower (Appendix 3)	Degree certificate or graduation certificate, national technical qualification related certificate, proof of employment for professional manpower (list of subscribers to the 4 major insurance companies)
④ Research equipment specification (Appendix 4)	Photo of research equipment (for commissioned research only)
⑤ Business Specification (Appendix 5)	Financial statements or audit reports, sales ledgers, research industry sales and performance verification contracts (agreements)
	Documents proving in-house development of research equipment and materials (intellectual property rights, state research and development project performance reports, etc.) (limited to research equipment and materials)

\* Refer to Form No. 1 to 5 of the Enforcement Rule of the Research Industry Promotion Act

## 2 ... Requirements for Report

- Human, material, and sales requirements vary by industry, and exceptions are made as needed even within the same industry.

Requirements for Report by Research Industry Types				
Business	Personnel	Material requirements	Sales	Exceptions
On-demand research	3 or more experts	Retains a research facility	On-demand R&D sales account for 30% or more of total sale	2 or more experts for testing /analysis business
R&D	2 or more experts	-	On-demand R&D sales account for 30% or more of total sale	-
Research equipment	2 or more experts	1 or more self-developed research equipment, 3 or more annual sales of the research equipment		"Research equipment maintenance and repair business" should have 3 or more records of maintenance and repair a year
Research materials	2 or more experts	1 or more self-developed research materials, 3 or more annual shipment of the research material		-
Note	* The representative is not included in the scope of experts. (However, the representative of a small company pursuant to the Enforcement Decree of the Framework Act on Small and Medium Enterprises which was established not more than three years ago shall be included.)			

\* Research Facility Standards: A research facility must have a research-only space separated from the workspace (excluding unlicensed buildings, temporary structures, or spaces installed in housing as defined in Article 2 (1) of the Housing Act) and research equipment directly used for research and development.

- Standards for professional manpower (Article 5 (1) of the Enforcement Decree of the Research Industry Promotion Act)

Persons in charge of operations related to the on-demand research business, research management business, research equipment business, and research material business (excluding representatives but including representatives of small businesses as defined in Article 2 (2) of the Framework Act on Small and Medium Enterprises that have not been established for more than 3 years)

- 1) Persons with an associate's degree or higher in the natural sciences, engineering, or medicine as defined in Appendix 1 of the "Regulations on Establishment and Management of Universities, Colleges, and Junior Colleges" (including persons recognized as having an equivalent or higher level of academic qualifications as defined in the law)
- 2) A person who has acquired the qualifications of a technician, master technician, engineer, or industrial engineer in a technical or functional field according to subparagraph 1 of Article 9 of the National Technical Qualifications Act
- 3) (Only applicable to research management) A person who has an associate's degree or higher in a related field (including a person who is recognized as having an equivalent or higher level of education according to laws and regulations)



### Subcategory of research businesses

Classification	Subcategory	Classification	Subcategory
On-demand research	R&D in natural science	Research equipment	Development of optical and electronic visual device
	R&D in engineering		Development of compound pretreatment and analysis equipment
	Convergence R&D		Development of physical measurement equipment
	Testing & analysis		Development of other research equipment
Research management	R&D planning and project management		Maintenance and repair of research equipment
	Support for management and use of R&D outcome	Research material	Research substances and reagent development
	R&D product design		Development of research equipment
	Research personnel provision and education		Development of other research materials
	Lab safety management		

\* Testing and analysis business (composition testing, structure and product testing) is classified as R&D support business, but it is classified as on-demand research business under the R&D Industry Promotion Act.

## 3 ... Support provided

### Support for the participation in major national R&D projects

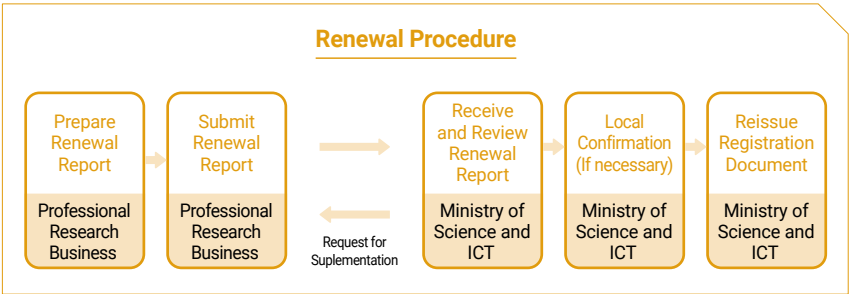
Ministry of Science and ICT	Ministry of Trade, Industry and Energy	Ministry of SMEs and Startups	Ministry of Land, Transport and Infrastructure	Ministry of Agriculture, Food and Rural Affairs
<ul style="list-style-type: none"> <li>• Basic research business</li> <li>• Space technology development business</li> <li>• Nuclear research development business</li> <li>• Nuclear fusion equipment and accelerator research support business</li> <li>• Telecommunication broadcasting R&amp;D business</li> <li>• Industrial technology development business</li> </ul>	<ul style="list-style-type: none"> <li>• Energy technology development</li> <li>• Technology transfer and commercialization facilitation business</li> <li>• Electricity technology R&amp;D business</li> </ul>	<ul style="list-style-type: none"> <li>• Research equipment joint utilization support</li> <li>• SMEs' technology innovation development</li> <li>• SMEs' convergence technology development business</li> <li>• SMEs' commercialization technology R&amp;D business</li> <li>• ESP (Engineering Service Provider)</li> </ul>	<ul style="list-style-type: none"> <li>• Construction technology research</li> <li>• Plant research</li> <li>• Geographical information system R&amp;D business</li> <li>• Railway technology R&amp;D</li> <li>• Air safety technology R&amp;D business</li> </ul>	<ul style="list-style-type: none"> <li>• Genetic disease treatment technology</li> <li>• High value-added food and technology development</li> <li>• Agriculture and bio technology development</li> <li>• High-tech manufacturing technology development</li> <li>• Korea Post-Genome Project</li> </ul>

- ➡ Ministries that have not reflected will reflect it in the legislative notice of related laws
- ➡ Ministry of Environment, Ministry of Health and Welfare, etc. will establish support grounds in the R&D project processing regulations



#### 4 ... Report of Renewal

- (Subject of Renewal Report) Profession research business whose registration certificate will expire in no earlier than 1 month to no later than 3 months
- (Renewal Report Validity Period) 3 years from the day after the existing validity period
- (Renewal Report Method) Apply in the Professional Research Business Registration Reporting and Management System
- (Renewal Procedure and Period) Within 30 days from the date of receipt of documents (not including the supplementation request period)



Documents	
Documents to be Submitted	Attached Documents
① Renewal report form (Appendix 8)	Business registration certificate, copy of corporate registration
② Business Overview (Appendix 2)	-
③ Status of organization and professional manpower (Appendix 3)	Degree certificate or graduation certificate, national technical qualification related certificate, proof of employment for professional manpower (list of subscribers to the 4 major insurance companies)
④ Research equipment specification (Appendix 4)	Photo of research equipment
⑤ Business Specification (Appendix 5)	Financial statements or audit reports, sales ledgers, research industry sales and performance verification contracts (agreements)
	Documents proving in-house development of research equipment and materials (intellectual property rights, state research and development project performance reports, etc.) (limited to research equipment and materials)

\* Refer to the forms in the Enforcement Rule of the Research Industry Promotion Act

## IN DETAIL



### ① Appropriation of the personnel expenses of affiliated researchers when participating in a state R&D project

- Professional research businesses can record the personnel expenses of their researchers in cash in the research project plan and pay them.

※ Related regulations: [Regulations on Management of National R&D Projects, etc.](#) 📄 Appendix 2

### ② Indirect research expenses are recognized up to 10% of direct expenses when participating in a national R&D project.

### ③ Tax Support

- Tax credit for R&D cost for research and development businesses: A certain percentage of research and development expenses incurred by a company is deducted from corporate tax or income tax.
- Special tax reduction for SMEs for research and development support businesses: A certain percentage of income tax or corporate tax on income incurred by a company is deducted.

### ④ Research Personnel Support System

- Support for professional researchers (special case of military service)

Military service obligation is exempted for professional researchers newly hired for "research and development businesses" designated as professional research institutes.

### ⑤ Financial Support

- Technology guarantee system, technology evaluation system

The company can receive financial support from financial institutions, etc. by receiving a technology guarantee certificate from or by having its the technology, business feasibility, and marketability of the technology for which no suspicion has been raised evaluated by the Korea Technology Finance Corporation.





# Management Support



- Incubating
- Employment Support for Foreign-Invested Companies
- Red Carpet Service to Support Entry and Departure



## 1 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, exclusive business lounges and rooms for consultation, pitching lounge, and sleeping and shower facilities, thus maximizing convenience for foreign investors. Foreign investors who completed notifying foreign direct investment based on the procedure stipulated in the Foreign Investment Promotion Act or foreign-invested businesses whose FDI amount will reach KRW 100 million or more within one year from the date of IKP move-in can be accepted as tenants through a review of their qualifications.

### ① Overview of IKP Facilities

Lobby



Business lounge



Office (for 2 persons)



Office (for 5 persons)



Meeting room



Pitching lounge

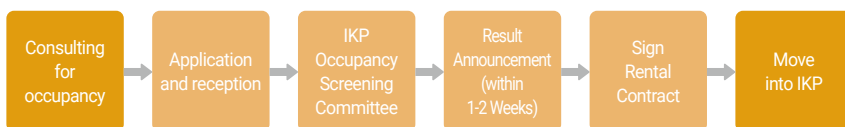


\* Office size: 21.82 m<sup>2</sup> ~ 32.4 m<sup>2</sup> (for 2 persons), 50.24 m<sup>2</sup> (for 5 persons) /Office size and type may vary depending on the circumstances.

## ② Moving into IKP Business Incubating Facilities

Category	Details
Selection criteria	<ul style="list-style-type: none"> <li>Foreign-invested company: examination of minimum investment (notified amount) and business plan etc., negotiations on conditions for occupancy, and selection through internal review</li> </ul>
Contract period	<ul style="list-style-type: none"> <li>Foreign-invested company: 5 years (renewed every year)</li> </ul>
Monthly Rent and Maintenance Fee	<ul style="list-style-type: none"> <li>KRW 31,153/㎡ (VAT not included), deposit: 6 months of rental fee</li> </ul>
Support provided	<ul style="list-style-type: none"> <li>Support for utilizing the office and business center for foreign-invested companies' initial settlement</li> <li>Guaranteeing information exchange and networking via PM for the contract period</li> </ul>

## ③ Procedure of Application



## ④ IKP Occupancy Consulting

Invest KOREA Investment Strategy Team

Contact: 02-3497-1003, e-mail: ikp@kotra.or.kr

# 2 Employment Support for Foreign-Invested Companies

## ① Overview

Various services are provided for free to match excellent foreign investment companies and domestic job seekers.

- (Recruiter) Foreign-invested company and potential foreign investor
- (Job seeker) Domestic job seeker seeking employment in foreign-invested companies or foreign companies

## ② Support service

- (Recruitment fair) GLOBAL TALENT FAIR (Foreign-invested Company Recruitment Center)  
This is the largest offline global job fair in Korea, which combines the Foreign-Invested Company Job Fair, Global Job Fair (Overseas Employment Support), and International Student Job Fair.
- Date/location: Monday, May 19 – Tuesday May 20, 2025/COEX Hall B, Seoul
- Size: About 330 companies (180 foreign-invested companies, 50 overseas job offerers, 100 domestic companies recruiting foreigners, etc.)
- Details
  - Corporate recruitment hall: 1:1 interview and consultation with a human resource manager
  - JOB Concert: recruitment lecture & corporate recruitment presentation
  - 1:1 employment consulting: Provides employment preparation consulting such as resumes, interviews, etc.

- (Online) KOTRA x JobKorea foreign-invested company recruitment hall  
**Reflecting the demands of foreign-invested companies with frequent recruitment, a recruitment center exclusively for foreign companies is operated in connection with JobKOREA, the largest job portal in Korea, and various additional services are provided.**
- Period: All-year
- Address: [www.jobkorea.co.kr/theme/kotra](http://www.jobkorea.co.kr/theme/kotra)



(You can enter the recruitment hall for foreign companies by scanning the QR code)

- Size: About 480 companies, 1,400 recruitment notices (based on Sept. 2024)
- Benefits
  - [Common Support] Expanding the inflow of job seekers through promotion of the recruitment center
  - [Individual Support] Premium products of JobKOREA (talent search service, core job recruitment advertisement, etc.) are provided for free

\* Benefits for participation may vary depending on the period.
- (Professionals) Meet-up Day for Advanced Industry Professionals  
**Events designed to support the recruitment of professional personnel for foreign-invested companies in the advanced industry sector are held in collaboration with major domestic universities.**
- Period/Location: 3-4 times a year / Universities nationwide
- Main Content
  - Recruitment Briefing Session: Introduction of foreign-invested companies and recruitment plan guide
  - Recruitment Consultation Session: 1:1 job consultation between foreign-invested companies and job seekers
- (PR) Global Talent Supporters  
**The 'Global Talent Supporters,' comprised of college students with a high interest in finding a position at foreign-invested companies is operated to conduct various promotional activities to raise awareness of foreign-invested companies among domestic job seekers.**
- Content: Interviews with excellent foreign investment companies, online social media promotion activities, etc.

### ③ Contact

- (Related institution) Business inquiries: +82-2-3460-7877
- (Overseas investment company recruitment) Business inquiries: +82-2-3460-7383
- E-mail: [jf@kotra.or.kr](mailto:jf@kotra.or.kr)

\* You can receive business guidance if you send us an application with your company name and contact information (name, position, phone no. (office, mobile), e-mail) through e-mail.



### 3 Red Carpet Service to 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	○	○
Chauffeur service	Incheon airport to hotel travel	○	○
	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	-	○
Interpretation Support	-	As required	○
Tour of industrial sites	-	-	As required
Airport drop-off service	Pickup from hotel to Incheon airport	-	○
	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 conducting projects that are highly likely to lead to investment in Korea, including projects where an MOU has been signed, investment has been notified, location (factory space) has been secured, or M&A agreement has been 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](http://www.kotra.or.kr) ▶ Support for attraction of foreign direct investment ▶ Support for investors' visit to Korea

#### ⑦ Contact

Invest KOREA Investment Strategy Team  
02-3497-1013 / [eggim74@kotra.or.kr](mailto:eggim74@kotra.or.kr)







# Practice

- ① Taxation
- ② Customs Clearance and Introduction of Capital Goods
- ③ HR and Labor
- ④ Foreign Investment Ombudsman System
- ⑤ Dissolution and Liquidation



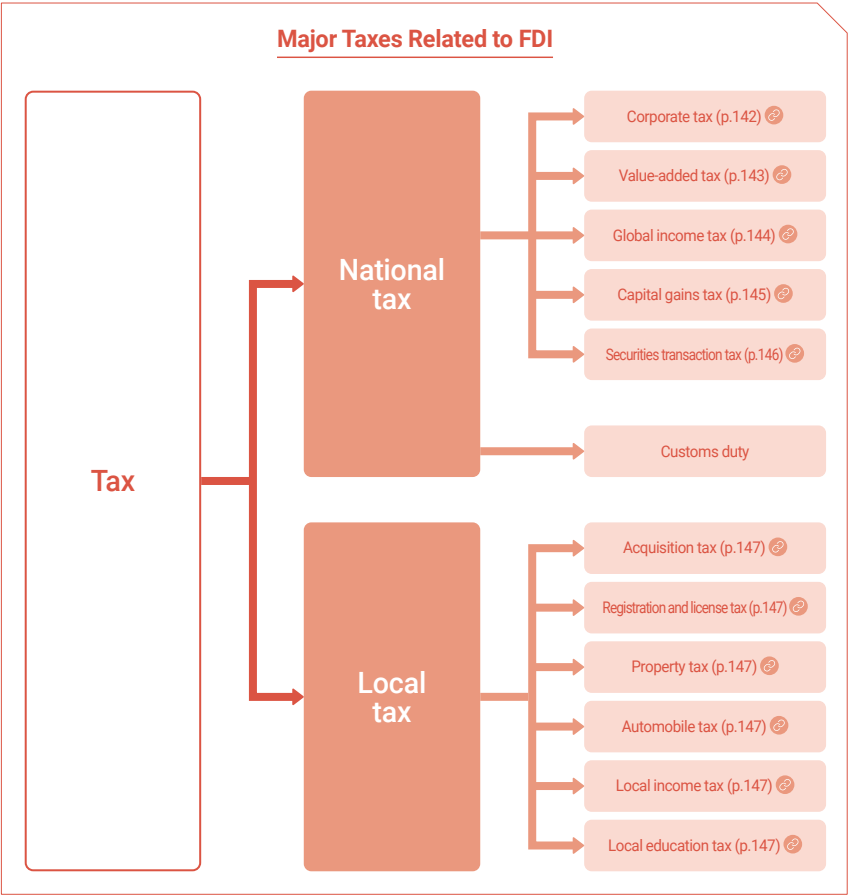
# Taxation



- National Tax
- Local Tax
- Transfer Pricing Taxation
- Tax Treaties
- Restriction of Deduction of Interest Expenses



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 regarding international transactions between special related parties including foreign investors, and the thin capitalization system on debt.



# 1 National Tax

## 1 ... Corporate Tax

Corporate tax is imposed on the taxable income of corporations. Incorporated associations and foundations, as well as for-profit and non-profit corporations, are taxed like general corporations.

### ① Taxpayer and taxable income

A domestic company (a company whose headquarters, main office or actual place of business is in Korea) should pay corporate tax for all income generated in Korea and overseas, and a company should pay corporate tax for income incurred in Korea (domestic-source income).

⇒ A foreign-invested company is deemed a domestic company because it was established in Korea.

The taxable incomes subject to reporting are income for each business year, income from dissolution, capital gains from sale of land, etc. The amount of income for each business year is calculated by reflecting deductible expenses and taxable income to net profit under the Corporate Tax Act.

### ② Business Year

The business year shall be one accounting period determined by law or the 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	9% of the tax base
More than KRW 200 million, but not exceeding KRW 20 billion	KRW 18 million + (Amount over KRW 200 million X 19%)
More than KRW 20 billion but not exceeding KRW 300 billion	KRW 3.78 billion + (Amount over KRW 20 billion X 21%)
Exceeding KRW 300 billion	KRW 62.58 billion + (Amount over KRW 300 billion X 24%)

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

## 2 ... 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.
Report and tax payment period	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](http://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.



### 3 ... Global Income Tax

#### ① Taxpayer and Taxable Income

Individuals shall file and pay tax on their global income, retirement income, and capital gains according to the Income Tax Act. Global income tax should be filed and paid for the sum of interest income, dividend income, business income, wage and salary income, pension income and other income.

#### ② Business Year

The taxable period of income tax shall be one year, from January 1 to December 31.

#### ③ Due Date of Reporting

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.

#### Tax Rate

Tax Base	Tax Rate
KRW 14 million or less	6% of the tax base
Over KRW 14 million but not over KRW 50 million	KRW 840,000 + (15% of the amount over KRW 14 million)
Over KRW 50 million but not over KRW 88 million	KRW 6.24 million + (24% of the amount over KRW 50 million)
Over KRW 88 million but not over KRW 150 million	KRW 15.36 million + (35% of the amount over KRW 88 million)
Over KRW 150 million but not over KRW 300 million	KRW 37.06 million + (38% of the amount over KRW 150 million)
Over KRW 300 million but not over KRW 500 million	KRW 94.06 million + (40% of the amount over KRW 300 million)
Over KRW 500 million but not over KRW 1 billion	KRW 174.06 million + (42% of the amount over KRW 500 million)
Over KRW 1 billion	KRW 384.06 million + (45% of the amount over KRW 1 billion)

⇒ When paying income tax, 10% of will be separately imposed as local income tax.

### INFORMATION



#### ◆ Wage and Salary Income Tax (for workers)

Wage & salary income tax is a tax levied on the amount given in return for providing labor. 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 (for payments for service, such as salary and 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.

## 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 US Forces) stationed in the Republic of Korea
- ② 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% tax credit is granted.

※ Article 150 of the Income Tax Act ㉠

## 4 ... 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. Where the shareholder of a domestic company is a foreign company or a non-resident, the tax treaty between the relevant foreign country and Korea should be examined to determine whether income from transfer of stocks is taxed.

### ① Domestic tax laws

Where a foreign company or non-resident that is a shareholder of a domestic company transfers shares issued by a domestic company, income from transfer of stocks is taxable under domestic tax laws. However, where the stocks of a listed-company are transferred, income from such transfer shall not be taxed if less than 25% of its stakes were continuously owned in the year in which the date of transfer belongs and the preceding five years.

### ② Tax treaties

- Under certain tax treaties, the country of residence of the shareholder has the rights to tax income from transfer of stocks while the income is not taxed in Korea, the country of source of income.
- It is advised to check the tax treaty between Korea and the relevant country to check whether an income is taxable in Korea.

### ③ Tax filing process

- Where an income is taxable under domestic tax laws and the country of source of income has the taxation rights under the relevant tax treaty, the withholding agent (i.e., the person paying income from transfer of shares) shall withhold and pay the lesser of 20% of either of the two: ① 10% of the stock transfer price; and ② gains from transfer of stocks (sale price – acquisition price and sales expenses). However, where the acquisition price and sales cannot be confirmed, ① shall apply.
- Where income from transfer of stocks is not taxed pursuant to the relevant tax treaty, the transferor of stocks shall submit an application for non-taxation or tax exemption to the payer of income, and the income payer shall submit the application to the head of the tax office having jurisdiction over the income payer until the 9th day of the month following the month in which the date of income payment belongs.

➡ Application for non-taxation or tax exemption: Enforcement Rules of the Income Tax Act [attached Form 29-2 (2)]

## 5 ... 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**

In the case of trading listed stocks, etc. on the stock exchange, the Korea Securities Depository (or securities company, etc.) notifies and pays the monthly securities transaction tax by the tenth of the following month. However, the tax for transfer of unlisted stocks shall be filed and paid 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) is 0.35%.

### INFORMATION



◆ **National Tax Service consulting**

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



## 2 Local Tax

### 1 ... Taxable Objects and Payment Deadline

Tax	Taxable Objects and Purpose	Payment Period and Deadline
Acquisition Tax	<ul style="list-style-type: none"> <li>Imposed on an individual who acquired real estate (land, buildings), 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</li> </ul>	<ul style="list-style-type: none"> <li>Within 60 days of the date of acquisition or registration date, whichever is earlier</li> </ul>
Registration and License Tax	<ul style="list-style-type: none"> <li>Classified into registration tax imposed on registration and filing for causes other than acquisition; and license tax imposed on authorization and permission</li> </ul>	<ul style="list-style-type: none"> <li>Each year from Jan. 16 to 31 (for registration license tax for license only)</li> <li>Registration license tax (for registration): Prior to the date of registration or filing</li> <li>Registration and license tax (for license): Prior to the date of receiving license certificate</li> </ul>
Local Education Tax	<ul style="list-style-type: none"> <li>Imposed to secure financial resources for the enhancement of local education. Finances required to improve the quality of local education</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition tax and tobacco consumption tax: By the payment deadline</li> <li>Residence tax (per capita), property tax, automobile tax: By the payment deadline</li> </ul>
Residence Tax	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Per capita portion: Regular collection (Aug. 16 to 31)</li> <li>Business place portion: report and payment (Aug. 1 to 31)</li> <li>Employee portion: By the 10th day of the following month</li> </ul>
Local Income Tax	<ul style="list-style-type: none"> <li>Individual local income tax according to the Income Tax Act; Corporate local income tax according to the Corporate Tax Act</li> </ul>	<ul style="list-style-type: none"> <li>Corporate local tax: within 4 months of the last day of the business year</li> <li>Capital gains or global income tax: Report and payment at the same time as income tax (May 1-31 of the following year)</li> <li>- Special collection: Report and pay by the 10th day of the month following the month to which the day for special collection belongs</li> </ul>
Property Tax	<ul style="list-style-type: none"> <li>Imposed on land, buildings, housing, aircraft, ships</li> <li>Housing is a separate taxable object because its valuation includes attached land</li> </ul>	<ul style="list-style-type: none"> <li>Regular portion</li> <li>Jul. (16-31): Half of housing portion and full payment for building</li> <li>Sep. (16-30): Half of housing portion and full payment for land</li> </ul> <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"> <li>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</li> <li>Annual tax amount for passenger automobiles differs depending on whether the vehicle is used for business purposes or not.</li> </ul>	<ul style="list-style-type: none"> <li>Regular imposition: First period (Jun. 16-30) / Second period (Dec. 16-31)</li> <li>Non-regular imposition available on application for tax calculated on a daily basis for used cars</li> <li>Annual tax amount: Lump-sum payment (Jan., Mar., Jun., Sep.) / Payment in installments (Mar., Jun., Sep., Dec.)</li> </ul>

\* Source: Local Tax Guide 2024, 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.

## 2 ... Taxable Objects

### Tax Reduction and Exemption Based on the Act on Restriction on Special Cases Concerning Local Taxation

Regulation	Contents	Tax items (Reduction rate, %)		
		Acquisition tax	Registration and license tax	Property tax
Article 45-2	Reduction or exemption for research institutes, etc.	50		50
Article 46 (1)	Reduction or exemption for research institute affiliated with an enterprise (for new growth driver technology and source technology) (Except for large scale companies' institutes in an overconcentration control zone)	35(50)		35(50)
Article 46 (2)	Reduction or exemption for research institute affiliated with a large company (outside overconcentration control zones) (for new growth driver technology and source technology)	35(50)		35(50)
Article 46 (3)	Research or reduction for research institute affiliated with middle standing companies (for new growth driver technology and source technology)	50(65)		50(65)
Article 46 (4)	Reduction/exemption for SME affiliated research institutes	60(75)		50(65)
Article 58 (1)	Reduction or exemption for venture businesses, etc.	50		50 (60, non-capital area)
Article 58 (2)	Reduction or exemption for cluster venture businesses, etc	50		50 (60, non-capital area)
Article 58 (3)	Reduction or exemption for new technology-based business cluster	50		50 (3 years) (60, non-capital area)
Article 58 (4)	Reduction or exemption for venture business development and promotion zone	50		50
Article 58-2 (1)	Reduction or exemption for knowledge-based industry center founders	35		35 (5 years)
Article 58-2 (2)	Reduction or exemption for occupants in knowledge-based industry centers	35		35 (5 years)
Article 58-3	Reduction or exemption for real estate of small-and medium-size start-ups	75		100/50
Article 71 (1)	Reduction or exemption for project implementers in logistics complexes	35		25
Article 71 (2)	Reduction or exemption for occupants in logistics complexes	50		35 (5 years)
Article 75-2 (1) 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 78 (4) a	Reduction or exemption for occupants in industrial complexes (non-capital area)	50 (+25, ordinance)		35 (60)
Article 78 (4) b	Reduction or exemption for occupants (with substantial repair) in industrial complexes	25 (+15, ordinance)		
Article 78-3	Reduction/exemption of tax for foreign investment *100% for five years after the start of business, 50% for two years afterward	100/50		100/50
Article 79-2	Reduction or exemption on the acquisition of real estate for business use for reshoring companies *Acquisition Tax: 50 (law) + 50 (ordinance)	100		75 (5 years)

## INFORMATION



### ◆ Local Tax ONE CALL Consulting Center

- 1577-5700 (connected to the tax department in each local government)
- Website : [www.wetax.go.kr](http://www.wetax.go.kr)

3

Transfer Pricing Taxation

The transfer price tax system is applied when a resident, etc. pays a higher price than the arm's length 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.

1 ... 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 8 of the [Adjustment of International Taxes Act](#) ㉔

2 ... 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.

※ Article 87 (1) of the [Enforcement Decree of the Adjustment of International Taxes Act](#) ㉔

② Administrative Fine against Noncompliance 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 60 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 87 (1) of the [Adjustment of International Taxes Act](#) ㉔

Under Korean tax laws, there are regulations that do not recognize interest expenses paid to overseas controlling shareholders, etc. that satisfy certain conditions as deductible expense in order to prevent tax evasion by using the difference in taxation on contribution and borrowings, and the difference between tax laws of Korea and other countries.

### 1 ... Thin Capitalization

When calculating corporate income, the interest paid for borrowings is deducted as expense while dividend for contributions is not recognized as deductible expense. In this regard, to reduce corporate tax when sourcing funds from shareholders, companies prefer borrowings to contributions. To prevent this, the thin capitalization rule does not recognize the interest for the amount in excess of a set borrowing ceiling as deductible expense. Where the amount that a domestic company borrowed from an overseas controlling shareholder and the amount borrowed from a third party under a payment guarantee (including the guarantee of payment through provision of collateral, etc.) is over two times (six times for financial companies) the amount that the overseas controlling shareholder invested, the interest and discount price for the amount in excess of such amount shall not be included in the company's loss.

### 2 ... Restriction of Deduction of Interest Expenses that are Excessive Compared to Income

Where the net interest expenses for the amount that a domestic company (excluding finance & insurance businesses) borrowed from an overseas special related person exceeds 30% of the adjusted income amount, the amount in excess shall not be included in deductible expense.


① **Net interest expense** : The total amount of interest and discount expense paid for a domestic company's total borrowing from all overseas special related persons – The total amount of interest income that the domestic company collected from overseas special related persons

② **Adjusted income** : Income from the relevant business year + Depreciation + Net interest expense (①)

Where thin capitalization also applies, only the one in which the amount not included in deductible expense is higher shall apply. If the amount is the same in the two cases, thin capitalization shall apply for calculation of non-inclusion of deductible expense.

## 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 Articles 22 through 26 of the **Adjustment of International Taxes Act** , available on the website of the Ministry of Government Legislation.

### 3 ... Restriction of inclusion of interest expense from hybrid financial products in deductible expense

#### ① Summary

Among the interest and discount expense paid as part of transaction of a financial product between a domestic company (excluding finance and insurance business) and an overseas special related party which has both the characteristics of capital and debt, a certain amount may not be included in the overseas special related person's taxable income (or the amount included by less than 10% of the taxable income) in the country of the special related person within a reasonable period. In this case, the domestic company shall pay the amount of interest (①×②) for the corporate tax of the business year to which the last day of the "reasonable period" belongs.

- ① The difference in the corporate tax occurred by calculating the interest, etc. paid to the transaction counterpart originally calculated as deductible expense as profit in the business year
- ② Interest rate of 0.022% per day from the first day of the business year following the business year in which the amount was included in deductible expense to the last day of the business year in which the amount was included in income.

#### ② Requirements for a hybrid financial product

A hybrid financial product is a financial product that has both the characteristics of debt and capital (e.g., participating bond) and satisfies both of the following conditions:

- A. Korea: Pursuant to Korean tax laws, the financial product is considered debt, and the interest and discount paid to the foreign company that is an overseas special related party under the transaction of the relevant financial product is deemed interest expense.
- B. Counterpart country: Pursuant to the country's tax laws, the financial product is considered capital, and the interest and discount paid by the domestic company is treated as dividend income.

#### ③ Reasonable period

The period starting from the last day of the business year in which interest and discount are paid by the domestic company pursuant to transactions of a hybrid financial product to the last day of the business of the transaction counterpart commencing within 12 months of the aforementioned date.

## 5 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.

### 1 ... 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.



## 2 ... 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 Counterparts (95 countries & regions)

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

#### ◆ 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://taxlaw.nts.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/region ]

Contracting State/Region	Limited tax rate		
	Interest	Dividend	Royalty
Albania	10%	Company owning 25% stake or more: 5% / Others: 10%	10%
Algeria	10%	Company owning 25% stake or more: 5% / Others: 15%	Academic equipment: 2% / Others: 10%
Australia	15%	15%	15%
Austria	10%	Company owning 25% stake or more: 5% / Others: 15%	Equipment: 2% / Others: 10%
Azerbaijan	10%	7%	Science data: 5% / Others: 10%
Bangladesh	10%	Company owning 10% stake or more: 10% / Other: 15%	10%
Belarus	10%	Company owning 25% stake or more: 5% / Others: 15%	5%
Belgium	10%	15%	10%
Brazil	Loan exceeding 7 years: 10% / Other: 15%	10%	Trademark: 25% / Copyright: 10% / Others: 10%
Brunei Darussalam	10%	Company owning 25% stake or more: 5% / Others: 10%	Beneficial owner: 10%
Bulgaria	10%	Company owning 15% stake or more: 5% / Others: 10%	5%
Cambodia	10%	10%	10%
Canada	10%	Company owning 25% stake or more: 5% / Others: 15%	10%
Chile	Bank: 5% / Others: 15%	Company owning 25% stake or more: 5% / Others: 10%	Science equipment: 5% / Others: 10%
China	10%	Company owning 25% stake or more: 5% / Others: 10%	10%
Colombia	10%	Company owning 20% stake or more: 5% / Others: 10%	10%
Croatia	5%	Company owning 25% stake or more: 5% / Others: 10%	0%
Czech Republic	5%	5%	10%
Denmark	15%	15%	Industrial investment: 10% / Others: 15%
Egypt	Over 3 years: 10% / Others: 15%	Company owning 25% stake or more: 10% / Others: 15%	15%
Estonia	10%	Company owning 25% stake or more: 5% / Others: 10%	Academic equipment: 5% / Others: 10%
Federal Democratic Republic of Ethiopia	7.5%	Company owning 25% stake or more: 5% / Others: 8%	5%
Fiji	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
Finland	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
France	10%	Company owning 10% or more: 10% / Others: 15%	10%
Gabonese Republic	10%	Company owning 25% or more: 5% / Others: 15%	10%
Georgia	10%	Companies owning 10% or more: 5% / Others: 15%	10%
Germany	10%	Company owning 25% stake or more: 5% / Others: 15%	Equipment : 2% / Others: 10%
Greece	8%	Company owning 25% stake or more: 5% / Others: 15%	10%
Hong Kong	10%	Company owning 25% or more: 10% / Others: 15%	10%
Hungary	0%	Company owning 25% or more: 5% / Others: 10%	0%
Iceland	10%	Company owning 25% stake or more: 5% / Others: 15%	10%

Contracting State/Region	Limited tax rate		
	Interest	Dividend	Royalty
India	10%	15%	10%
Indonesia	10%	Company owning 25% stake or more: 10% / Others: 15%	15%
Iran	10%	10%	10%
Ireland	0% (Taxed in country of residence)	Company owning 10% stake or more: 10% / Others: 15%	0% (Taxed in country of residence)
Israel	Bank: 7.5% / Others: 10%	Company owning 10% stake or more: 5%, 10% / Others: 15%	Equipment: 2% / Others: 5%
Italy	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
Japan	10%	Company owning 25% stake or more: 5% / Others: 15%	10%
Jordan	10%	10%	10%
Kazakhstan	10%	Company owning 10% stake or more: 5% / Others: 15%	Equipment: 2% / Others: 10%
Kenya	12%	Company owning 25% stake or more: 8% / Others: 10%	10%
Kingdom of Bahrain	5%	Company owning 25% stake or more: 5% / Others: 10%	10%
Kingdom of Saudi Arabia	5%	Company owning 25% stake or more: 5% / Others: 10%	Academic Information: 5% / Others: 10%
Kuwait	5%	5%	15%
Kyrgyzstan	10%	Company owning 25% stake or more: 5% / Others: 10%	Science equipment: 5% / Others: 10%
Laos	10%	Company owning 10% stake or more: 5% / Others: 10%	5%
Latvia	10%	Company owning 25% stake or more: 5% / Others: 10%	Science equipment: 5% / Others: 10%
Lithuania	10%	Company owning 25% stake or more: 5% / Others: 10%	Science equipment: 5% / Others: 10%
Luxembourg	Bank: 5% / Others: 10%	Company owning 10% stake or more: 10% / Others: 15%	Academic information: 5% / Others: 10%
Malaysia	15%	Company owning 25% stake or more: 10% / Others: 15%	Copyright: 15% / Academic copyright 10% / Others: 10%
Malta	10%	Company owning 25% stake or more: 5% / Others: 15%	0% (Taxed in country of residence)
Mexico	Bank: 5% / Others: 15%	Company owning 10% stake or more: 0% / Others: 15%	10%
Mongolia	5%	5%	10%
Morocco	10%	Company owning 25% stake or more: 5% / Others: 10%	Copyright, etc.: 5% / Others: 10%
Myanmar	10%	10%	Cost of information usage: 10% / Others: 15%
Nepal	10%	Company owning 25% stake or more: 5% / Company owning 10% stake or more: 10% / Others: 10%	15%
Netherlands	Over 7 years: 10% / Others: 15%	Company owning 25% stake or more: 10% / Others: 15%	Copyright: 15% / Others: 10%
New Zealand	10%	15%	10%
Norway	15%	15%	Copyright: 15% / Others: 10%
Oman	5%	Company owning 10% stake or more: 5% / Others: 10%	8%
Pakistan	12.5%	Company owning 20% stake or more: 10% / Others: 12.5%	10%
Panama	5%	Company owning 25% stake or more: 5% / Others: 15% / Branch tax: 2%	Equipment lease: 3% / Others: 10%
Papua New Guinea	10%	15%	10%
Peru	15%	10%	Technical support: 10% / Others: 15%

Contracting State/Region	Limited tax rate		
	Interest	Dividend	Royalty
Poland	10%	Company owning 10% or more: 5% / Others: 10%	5%
Portugal	15%	Company owning 25% stake or more, 2 years or longer: 10% / Others: 15%	10%
Qatar	10%	10%	5%
Republic of Ecuador	12%	Company owning 10% or more: 5% / Others: 10%	Equipment: 5% / Others: 12%
Republic of Serbia	10%	Company owning 25% stake or more: 5% / Others: 10%	Copyright: 5% / Others: 10%
Republic of South Africa	10%	Company owning 25% stake or more: 5% / Other: 15%	10%
Romania	10%	Company owning 25% stake or more: 7% / Others: 10%	Industrial investment: 7% / Others: 10%
Russia	0% (Taxed in country of residence)	Company owning 30% stake or more: 5% / Others: 10%	5%
Singapore	10%	Company owning 25% stake or more: 10% / Others: 15%	5%
Slovakia	10%	Company owning 25% stake or more: 5% / Others: 10%	10%
Slovenia	5%	Company owning 25% stake or more: 5% / Others: 15%	5%
Spain	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
Sri Lanka	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
Sweden	Loan exceeding 7 years: 10% / Others: 15%	Company owning 25% stake or more: 10% / Others: 15%	Copyright: 15% / Others: 10%
Switzerland	Bank: 5% / Others: 10%	Company owning 10% stake or more: 5% / Others: 15%	5%
Taiwan	10%	10%	10%
Tajikistan	8%	Company owning 25% stake or more: 5% / Others: 10%	10%
Thailand	Bank: 10% / Others: 15%	10%	Software: 5% / Patent: 10% / Science equipment & empirical data: 15%
The Philippines	Public issue: 10% / Others: 15%	Company owning 25% or more: 10% / Others: 25% / The Philippines Investment Promotion Act: 10%	15% / The Philippines Investment Promotion Act: 10%
Turkiye	10%	Company owning 25% stake or more: 10% / Others: 15%	10%
Turkmenistan	10%	10%	10%
Tunisia	12%	15%	15%
Ukraine	5%	Company owning 20% stake or more: 5% / Others: 15%	5%
United Arab Emirates	10%	Company owning 10% stake or more: 5% / Others: 10%	10%
United Kingdom	10%	Company owning 25% stake or more: 5% / Others: 15%	Equipment: 2% / Others: 10%
United States of America	12%	Company owning 10% stake or more: 10% / Others: 15%	Copyright: films: 10% / Others: 15%
Uruguay	10%	Company owning 20% stake or more: 5% / Others: 15%	10%
Uzbekistan	5%	Company owning 25% stake or more: 5% / Others: 15%	Equipment: 2% / Others: 5%
Venezuela	Bank : 5% / Others: 10%	Company owning 10% stake or more: 5% / Others: 10%	Equipment: 5% / Others: 10%
Vietnam	10%	10%	Patents, etc: 5% / Others: 10% / Technology service: 7.5%

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

\* No tax treaty exists with Macao.

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

## Frequently Asked Question & Answer



Q1

**What are the limits and scope of recognition for the amount of corporate business operating expenses treated as deductible expenses?**

A1

Corporate business operating expenses refer to expenses spent for entertainment, socializing, gifts, or other similar purposes, regardless of the name. They are the amounts domestic corporations spend to smoothly conduct business with those directly or indirectly related to the business. The limits for corporate business operating expenses are as follows:

Limits on corporate business expenses

= KRW 12 million (KRW 36 million for small and medium size enterprises) x the number of months in the business year / 12 + amount of income x rate (For sales to special related parties, multiply by 10%.)

(※ Limits on corporate business operating expenses related to culture and traditional markets additionally applied)

Amount of income	Rate
KRW 10 billion or less	Total amount of income x 0.3%
Over KRW 10 billion not over KRW 50 billion	KRW 30 million + (Amount over KRW 10 billion x 0.2%)
Over KRW 50 billion	KRW 110 million + (Amount over KRW 50 billion x 0.03%)

Proof of Corporate Business Operating Expenses: If the operating expenses spent once exceed KRW 30,000, tax invoices, cash receipts, corporate credit card sales slips, etc., become eligible proof. Expenses incurred in excess of KRW 30,000 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.

Q2

**How are non-residents' capital gains on domestic-source securities taxed?**

A2

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%

**Q3**

**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?**

**A3**

The scope of payment guarantee for foreign shareholders applicable to thin capitalization includes all forms of payment guarantee which requires the overseas controlling shareholders 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.

**Q4**

**If a domestic place of business borrows interest-free loan from the controlling shareholder, is it subject to thin cap?**

**A4**

A loan without interest or discount fees is excluded from thin cap.



# Customs Clearance and Introduction of Capital Goods



• Customs Clearance

• Payment/Refund of Customs Duties

• Customs Clearance of Capital Goods

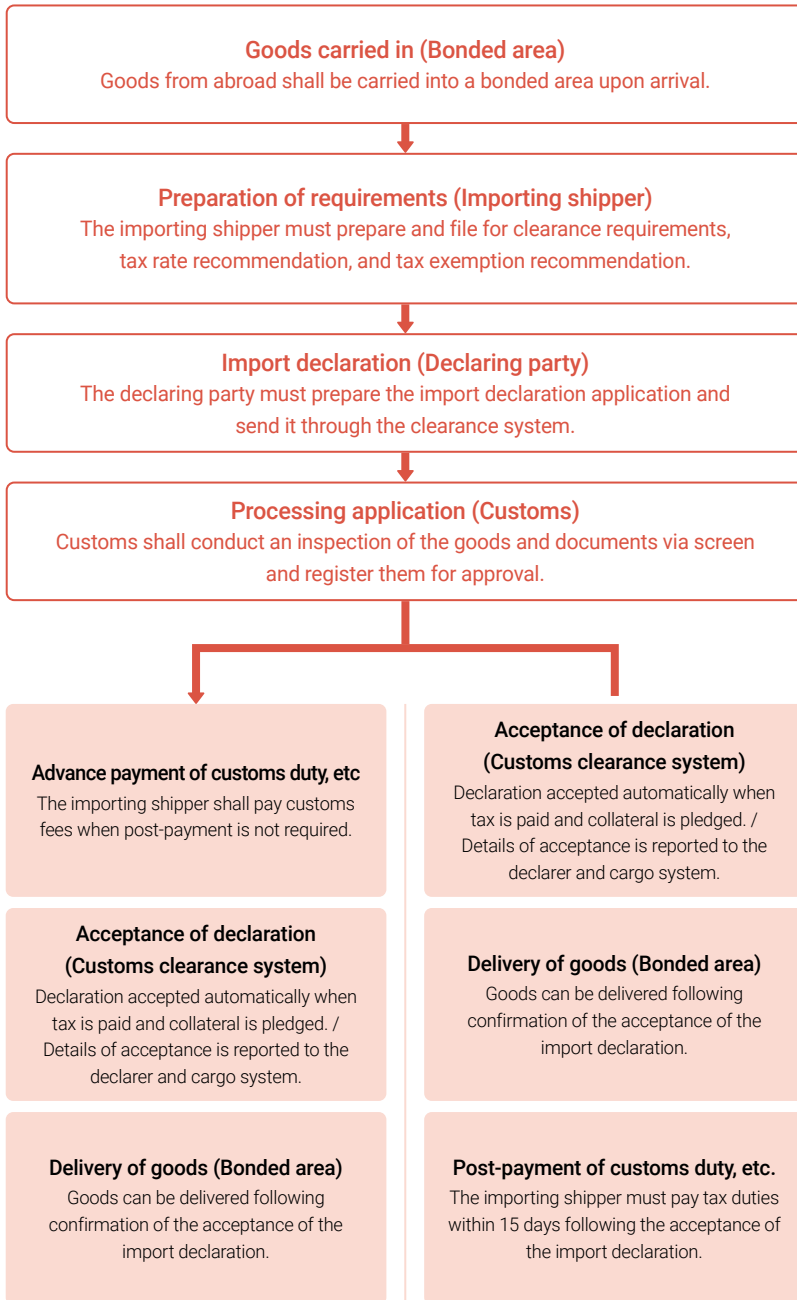


Customs clearance refers to the import, export, or return of goods pursuant to the procedures prescribed by the Customs Act. Import clearance refers to a series of customs processes including import declaration to a customs director, acceptance of the declaration by the director with its lawfulness, 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





# 1 Customs Clearance

## 1 ... 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 shipper or customs agent needs to prepare invoices, bills of lading, packaging statements, certificates of origin, and other import requirement documents for import declaration. The declarant shall provide documents when demanded by customs for clearance and individually store them if otherwise.

### 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.

## DOCUMENTS

### When declaring import

- 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 in installments)
- 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 Origin Verification Modalities and Tariff Rates

◆ (Origin verification standards per FTA counterpart) Korea Customs Service FTA Portal

<https://www.customs.go.kr/ftaportalkor/main.do> ⓘ

FTA ▶ Preference Criterion (PSR) ▶ Select FTA counterpart ▶ Search HS code

◆ (HS code tariff rate per FTA counterpart) Korea Customs Service FTA Portal

<https://www.customs.go.kr/ftaportalkor/main.do> ⓘ

FTA ▶ Preferential Tariff rate ▶ Search import rate of duty ▶ Select FTA counterpart ▶ Search HS code

## 2 ... 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](http://unipass.customs.go.kr) ⓘ

### ① Services

The primary services of UNI-PASS include electronic declaration, electronic payment, information check, and providing a personal customs clearance 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 personal 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: [Public Notice of the Use and Operation of UNI-PASS](#) ⓘ

INFORMATION ⓘ

UNI-PASS Consulting

◆ UNI-PASS Technical Support Center

- TEL: 1544-1285

(Providing consulting and service guidance related to UNI-PASS data processing (import and export clearance, cargo, refunds, etc.))

◆ Customs administration matter

- TEL: Call 125 (82-2-3438-5199 from overseas) and select consultation area (20: Information on customs laws and other consultations)

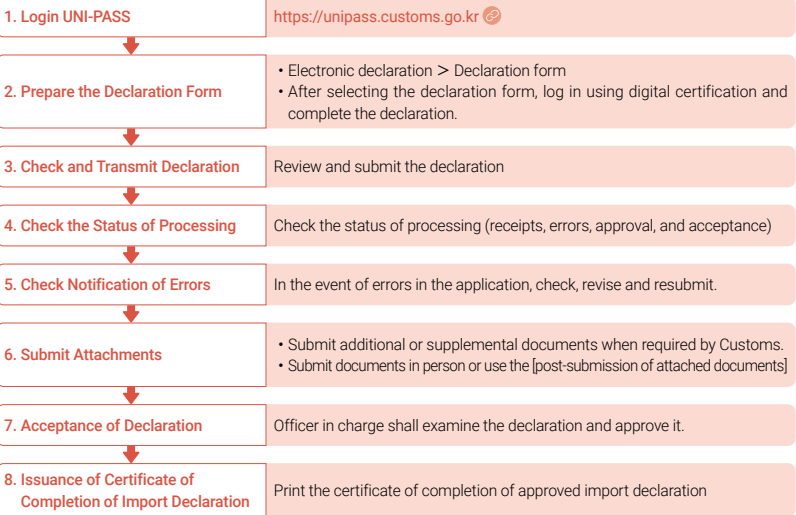
(Providing consultation regarding customs processes, classification of items, and related customs laws)

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

Processing through UNI-PASS



## 2 Payment/Refund of Customs Duties

Duties are normally imposed on imported goods. However, duties are partially or completely waived to carry out the purpose of specific policies, where paid tariffs are returned in case of the demands stipulated in the Act on Special Cases Concerning the Refund of Customs Duties Levied on Raw Materials for Export.

### 1 ... Payment of Customs Duty

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



##### Payment with a credit card (credit card, debit card, etc.)

###### ◆ Access Cardrotax site (<http://www.cardrotax.or.kr>) and pay

- ※ The payment agency fee (8/1000 of the credit card payment amount, 5/1000 of the debit card payment amount) is borne by the taxpayer according to the law.
- ※ Please note that the payment is not cancelled when pay with a credit card.

### 2 ... Customs Duty Reduction and Exemption

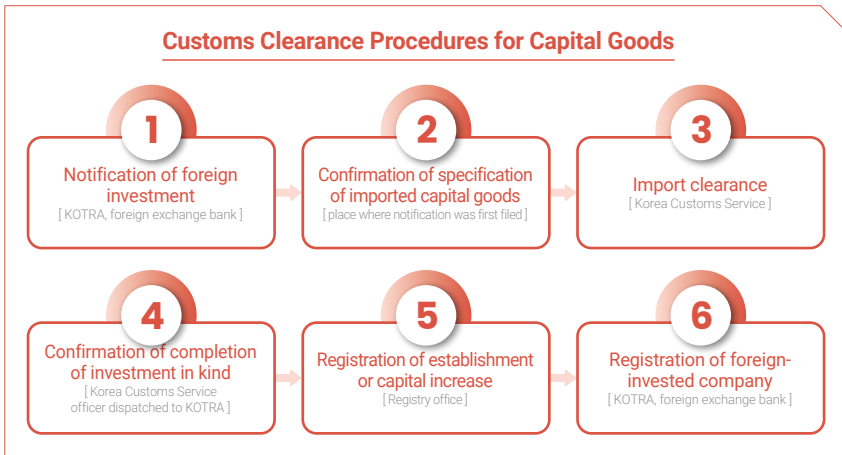
There are two types of customs duty reduction: unconditional reduction of and/or exemption from taxes based on specific facts; and conditional customs duty reduction and exemption in which customs duty is reduced or exempted based on condition of specific usage. In principle, the Customs Act stipulates customs reduction and exemption, although customs duty may be reduced or exempted according to the Foreign Investment Promotion Act, the Act on Restriction on Special Cases Concerning Taxation, the Submarine Mineral Resources Development Act, as well as multilateral and bilateral agreements.

### 3 ... Customs Duty Refund

Customs duty drawback is a policy under which the duties paid or to be paid when importing ingredients for export are refunded back to the manufacturer of the export goods. Those wishing to receive refunds on duties must apply for refund within 5 years of the date the product was provided for export, where the refund for imported ingredients for exports will be processed within 2 years (export execution period) retroactively from the end of the date provided for exports. The refund method is classified into individual refund that proves paid duties and simplified fixed drawback that does not prove paid duties.

### 3 Customs Clearance of Capital Goods

If foreign investors or companies introduce capital goods for tax reduction or investment in kind, the customs clearance process must be carried out after receiving evaluation and confirmation from the minister of the competent Ministry.



#### 1 ... 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 that are subject to exemption of duties, individual consumption taxes, and VAT.
- 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) 9 of the [Foreign Investment Promotion Act](#)

#### 2 ... Deadline for evaluation and confirmation

An introduced goods specification stating the amount, standards, price, and manufacturer is prepared and application is made for evaluation and confirmation prior to acceptance of the import declaration.

#### 3 ... Confirmation of Completion of Investment in Kind

Capital goods brought in as investment objects must receive investment in kind completion confirmation by the Customs Service officer dispatched to KOTRA prior to company establishment and foreign-invested company registration.

## DOCUMENTS

### Confirmation of specification of imported capital goods

- Three copies of the application for 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 for 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 (Not required when the applicant consents to the 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 sound 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 hours 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.



## 1 Labor Contract

A labor contract must precisely determine key working conditions, such as wages and working hours, and is essential for the protection of the rights of both employee and employer.

### 1 ... 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.

### 2 ... 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



### Prohibitions on Requiring Applicants' Personal Information (region of origin, etc.)

#### Amended 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 jobseeker 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. 17, 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



## 2 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 hourly wage set by the Ministry of Employment and Labor to be applied in 2025 is KRW 10,030, which converts into KRW 2,096,270 for 209 work hours.

### 1 ... 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.

### 2 ... 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.

### 3 ... Overtime Work, Night Work, and Holiday Allowance

Employers shall pay 50% or more of the ordinary wage by adding 50% or more of the ordinary wage for overtime work and an additional 50% 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% of the ordinary wage for work of eight hours or less and 100% or more of the ordinary wage if it exceeds eight hours.

## 3 Work Hours

Work hours shall not exceed 40 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.

### 1 ... Maximum Limit on Overtime Work

According to the "restrictions on overtime work" under Article 53 of the Labor Standards Act working hours can be extended up to 12 hours a week if the employer and employee mutually agree, and one week shall be seven days including weekends.

## 2 ... Hours of Recess

An employer shall allow employees a recess of not less than 30 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.

## 3 ... Flexible Work Hours 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.

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 (three months), 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, 51-2, 51-3, 52, 53, 57 and 58 of the [Labor Standards Act](#) 

## 4 Holidays and Days-off

### 1 ... 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.

### 2 ... Public Holidays

Private companies with five or more full-time employees should grant public holidays and substitute holidays according to the Regulations on Public Holidays of Government Offices.

### 3 ... Statutory Annual Paid Leave

Every employer shall grant any employee who has worked not less than 80% of one year a paid leave of 15 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 15 paid leave days. In this case, the total number of paid leave days, including the additional paid leave days, shall not exceed 25 days. Every employer shall grant any employee who has continuously worked for less than one year or less than 80% 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.

## 5 Four Major Insurances

The four major insurances are employment insurance, industrial accidental compensation insurance, national pension and national health insurance

### Contribution Rates (as of 2024)

	Employment insurance	Industrial accidental compensation insurance	National pension	National health insurance
Employee	0.9% of the total pay	N/A	4.5% of the standard monthly income	3.545% of the standard monthly wage
Employer		Depends on the type of business		

Long-term health care insurance premium is 12.95% 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% 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](http://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.

## 6 Retirement Allowance

### 1 ... Retirement

#### ① Settlement of Payments

When an employee dies or retires, the employer shall pay wages, compensation, and other money or valuables within 14 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 terms 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.

## 2 ... 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 30 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 30 million.

※ Article 5, 11 of the **Act on the Guarantee of Employees' Retirement Benefits** 



## 7 Dismissal

### 1 ... 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 50 days before the intended date of dismissal and consult in good faith with the labor union.

### 2 ... 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 30 days in advance of such dismissal. If the employer fails to give such advance notice, he/she shall pay such employee a minimum of 30 days' ordinary wage.

### 3 ... 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.

### 4 ... 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 30 days immediately thereafter. No woman shall be dismissed before or after childbirth during a period of suspension of work guaranteed by law and for 30 days immediately thereafter.

## 8 Rules of Employment

### 1 ... Preparation and Report of Rules of Employment

An employer employing 10 full-time 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.

## 2 ... 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](#) 

## 3 ... 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.

## 4 ... 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.

# 9 Protection of Pregnant Women

## 1 ... 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.

## 2 ... Reduction of Working Hours for Period of Pregnancy

Where a female employee who has been pregnant for not more than 12 weeks or for not less than 32 weeks (effective as of Feb. 23, 2025) 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.

## 3 ... Paternity Leave

Employers are required to give a 20 day paid holiday (effective as of Feb. 23, 2025) if an employee applies for a leave on the grounds of a spouse's childbirth. However, the claim cannot be made 120 days after the date of the childbirth (effective as of Feb. 23, 2025).

## 10 Work-Family Balance Assistance

### 1 ... Childcare Leave

Where a pregnant worker wishes to protect her motherhood or 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.

### 2 ... Reduction of Working Hours for Period of Childcare

When applying for working hour reduction to rear children no older than the age of 12 or enrolled in grade 6 or lower of elementary school (effective as of February 23, 2025), it must be permitted without dismissal due to reduced work hours for childcare or other unfavorable treatments.

※ Related law: Article 19 through 19-3 of the [Equal Employment Opportunity and Work-family Balance Assistance Act](#) 

## 11 Safety and Health

### 1 ... 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.

### 2 ... 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.

## 12 Irregular Workers

### 1 ... Fixed-term Worker

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.

## 2 ... 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.

## 13 Prohibition of Workplace Harassment

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.

### 1 ... Protection of Workers

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.

### 2 ... 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: Chapter 6-2 of the [Labor Standards Act](#) (Enforced Jul. 16, 2019)

## 14 Collective Labor-Management Relations

### 1 ... 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. Labor unions are guaranteed the rights of association, collective bargaining and collective action as prescribed by law.

### 2 ... 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](#)



### 3 ... 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.

※ Related law: Article 1, 2-2, 22-26 of the [Labor Relations Commission Act](#) 

### 4 ... 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 members but no more than 10.

## 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 50 full-time employees shall employ persons with disabilities at a ratio of at least 3.1% 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 20 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 3 to 8% 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 Laws in Korea 2025](#)  (KOTRA)

## Frequently Asked Question & Answer



**Q1**

**Hiring suitable employees and dismissing unsuitable employees is difficult. May a company have certain period of time to verify a new employee's qualities?**

**A1**

A company may verify the employee's qualities via a probationary period stated on the labor contract. Although the Labor Standards Act does not separately determine the probation period, there are cases in which the probation period is determined as 3 months where advance notice of dismissal is not applied if the continuous work period of an employee is less than 3 months according to Article 26 of the Labor Standards Act.

**Q2**

**How is the minimum wage calculated on a 209-hour basis?**

**A2**

The average weeks of one year are 4.345 weeks ( $365 \text{ days} \div 7 \text{ days} \div 12 \text{ months}$ ). 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. ( $4.345 \times 48 = 208.56$ )

**Q3**

**Is it possible for an executive of a foreign-invested company to subscribe to employment insurance?**

**A3**

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.

**Q4**

**What are the cases where foreign workers may not subscribe to the National Pension plan?**

**A4**

Foreigners living in South Korea shall join the National Pension plan as Korean citizens do. They may not, however, in the following cases;

- ㉠ Trainees (those who are employed for training shall join the plan), international students, diplomats, etc. excluded from mandatory subscription to the National Pension by law
- ㉡ Countries that do not require Korean citizens to subscribe to a pension system of the same nature as the National Pension
- ㉢ When workers dispatched to Korea from a country that has a social security agreement with Korea submit a certificate of national pension subscription from their home country

※ It is necessary to check with the National Pension Service whether they are subject to the National Pension subscription by country and residence qualification

<Example: Types of qualifications for stay that are excluded from the obligatory application of National Pension>  
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)

**Q5**

**Is a foreigner who works in a foreign-invested company and has a D-8 visa obliged to subscribe to health insurance?**

**A5**

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.

**Q6****Is National Pension refundable when a foreigner returns to his/her home country?****A6**

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](http://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 April 2024 (23 countries): Germany, United States, Canada, Czech Republic, Hungary, Australia, France, Belgium, Bulgaria, Poland, Slovakia, Romania, Austria, India, Türkiye, Switzerland, Brazil, Peru, Luxembourg, Slovenia, Croatia, Uruguay, The Philippines
- Ⓒ 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

**Q7****If the notice of termination was given five days short of the 30- day notice period, shall the employee be given an allowance for advance notice of dismissal for the five days?****A7**

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 to or more than ordinary wage for 30 days or longer should be paid.

# 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-care 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.

## 1 Function and Authority of the Foreign Investment Ombudsman System

### 1 ... Appointment and Roles

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.

### 2 ... 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 matters. 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](#) (외국투자촉진법), Article 21-3 (5), (6) of its [Enforcement Decree](#) (시행령)

## 2 Grievance Resolution Committee and Home Doctor System

### 1 ... 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 resolution 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](#) (외국투자촉진법시행령)

## 2 ... 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](#) 

## 3 ... Procedures for Grievance Resolution

Procedures for the resolution of grievances from foreign investors or foreign-invested companies are as follows.

- ① **Submit grievances through various methods such as online application (Foreign Investment Ombudsman Portal, <https://ombudsman.kotra.or.kr> ) , phone, e-mail, or walk in**
- 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**

## INFORMATION



### ◆ Contact the Foreign Investment Ombudsman for grievance resolution

- TEL: 02-3497-1826
- Fax : 02-3497-1699
- Address: Foreign-invested Company Grievance Settlement Office, 6F Invest Korea Plaza, Heolleung-ro 7, Seocho-gu, Seoul

## 4 ... Regulatory Information for Foreign Investors

The Regulatory Information Service for Foreign Investors is provided by the Office of the Foreign Investment Ombudsman to seek the opinions of foreign-invested companies. Among the regulations enacted by the government and the National Assembly, the English translation of statutes that are closely related to foreign investor companies is provided, and opinions provided by foreign investing companies are delivered to the relevant departments.

※ The Foreign Investment Ombudsman website (Regulatory information): <http://ombudsman.kotra.or.kr> 

Category	Details of Service
Government legislation	• 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	• 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.

## INFORMATION



### ◆ How to Subscribe to Regulatory Information Newsletter

- To subscribe: Foreign Investment Ombudsman portal (Bulletin Board ► Newsletter)
- Inquiries: 02-3497-1639





## Frequently Asked Question & Answer



**Q1**

**In what areas can grievance resolution be applied?**

**A1**

Resolutions for grievances are 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.

**Q2**

**Is there any possibility that the information that I provide for the consulting will be leaked?**

**A2**

Pursuant to Article 15-2 (8) of the Foreign Investment Promotion Act, the grievances of foreign investors and companies are kept confidential, and shall not be divulged other than for the purpose of resolving the grievances.

**Q3**

**How can I check the progress of my grievance resolution?**

**A3**

Home Doctors frequently inform companies of the progress made throughout the resolution process, and you can make requests any time.



# Dissolution and Liquidation



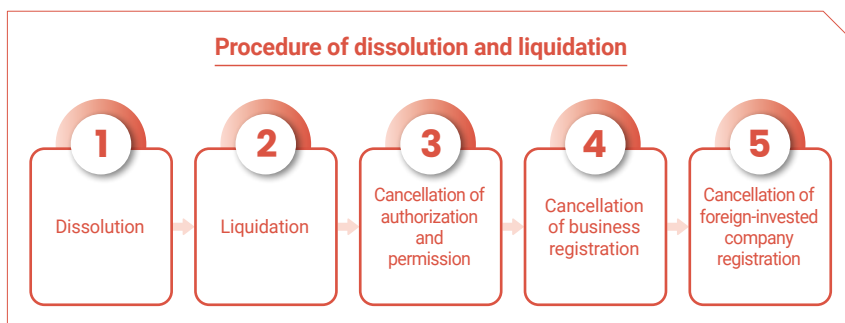
- Dissolution (For stock corporations)
- Liquidation of a Stock Company
- Cancellation of Authorization and Permission
- Cancellation of Business Registration
- Cancellation of Foreign- Invested Company Registration



Where a foreign-invested company discontinues its business, it shall lose its corporate personality through a process of dissolution, liquidation, cancellation of authorization and permission and its business registration, and it should also cancel its registration as a foreign-invested company.

## 1 Dissolution (For stock corporations)

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.



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 Stock Company Dissolution

- Termination of the period of existence or occurrence of any events specified in the articles of incorporation
- Merger
- Bankruptcy
- Order or ruling by a court
- Division or merger after division of the company
- Resolution passed at a general meeting of shareholders (at least 2/3 of the voting stocks of shareholders presenting 1/3 or more of total outstanding shares)

### DOCUMENTS

- Registration of Dissolution

Online Registry of Supreme Court [www.iros.go.kr](http://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

## 2 Liquidation of a Stock Company

### 1 ... 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.

## 2 ... Liquidator's Report

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.

## 3 ... 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.

## 4 ... Preparation and Submission of Balance Sheet, etc.

A liquidator shall prepare a balance sheet, supplementary schedules, and a business report four weeks prior to the date set for an ordinary general meeting of shareholders and submit them to an auditor.

## 5 ... 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.

## 6 ... 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.

## 7 ... Distribution of Surplus Assets

Surplus assets shall be distributed to shareholders in proportion to the number of shares held by each shareholder.

※ Related regulations: The retrieval and overseas remittance of residual investment funds are guaranteed under Article 3 (1) of the [Investment Promotion Act](#)  and Article 6 (4) of the [Foreign Exchange Transactions Act](#). 

## 8 ... 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.

## 9 ... 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.

### 3 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 the 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.

### 4 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).

### 5 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.


#### DOCUMENTS

##### Registration of Completion of Liquidation

On-line registry of Supreme Court [www.iros.go.kr](http://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 Act ; 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 Rule 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)





# Appendix

- ① [Appendix 1] Businesses Prohibited from Foreign Investment
- ② [Appendix 2] Businesses Restricted from Foreign Investment and Criteria for Permission
- ③ [Appendix 3] Local Tax Rate
- ④ [Appendix 4] KOTRA Overseas Investment Hub Offices
- ⑤ [Appendix 5] List of Delegated Agencies
- ⑥ [Appendix 6] List of Law Firms
- ⑦ [Appendix 7] List of Accounting and Tax Firms





## [Appendix 1] Businesses Prohibited from Foreign Investment

KSIC	Line of Business	Ministry in Charge
61100	Postal activities	Ministry of Science and ICT
64110	Central bank	Ministry of Economy and Finance
64912	Development and Financial Institutions ※ The Korea Development Bank and the Export-Import Bank of Korea under special Acts	Ministry of Economy 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 Economy and Finance Financial Services Commission
84111	Law making organizations	-
84112	Central supreme executive organizations	-
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	Construction and transportation 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
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

KSIC	Line of Business	Ministry in Charge
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
85640	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] Businesses Restricted from Foreign Investment and Criteria for Permission

KSIC	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		
35115	Wind power 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	※ Electric sales business applies to electric sales business pursuant to the Electric Utility Act	
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 Culture, Sports and Tourism
58122	Magazine and Periodical publishing business	Permitted if foreign investment ratio is below 50%.	Ministry of Culture, Sports and Tourism
60100	Radio broadcasting business	<Not opened>	Korea Communications Commission
60210	Terrestrial broadcasting business	<Not opened>	Korea Communications Commission

KSIC	Type of Business	Criteria for Permission	Ministry in Charge
60221	Program providing business	<p>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%).</p> <p>※ Program providing business shall refer to the program providing business under the Broadcasting Act.</p> <p>※ 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) 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)</p>	Ministry of Science and ICT Korea Communications Commission
60222	Cable broadcasting business	<p>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%).</p>	Ministry of Science and ICT
60229	Satellite and other broadcasting business	<p>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%).</p> <p>※ 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) 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)</p>	Ministry of Science and ICT
61210	Wired telecommunications	<p>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).</p> <p>※ 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.</p> <p>※ 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; the FTA between the Republic of Korea and Australia; and the FTA between Korea and the United Kingdom) 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)</p>	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

### [Appendix 3] 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% Heavy-taxation rate : 4.4%, 8.0%, 8.4%, etc.	
Local consumption tax	Value Added Tax (National tax)			25% of the 25.3% of the value added tax (since 2021) Weighted distribution by region applied to private sector final consumption expenditure index	
Local income tax	Global income, Retirement income			6/1,000 ~ 45/1,000	
	Capital gains			6/1,000 ~ 45/1,000, 10/1,000 ~ 70/1,000	
	Corporate income			10/1,000 ~ 25/1,000	
	Extraordinary collection			10% of the corporate/income tax	
Residence tax	Individual portion	Individual		KRW 10,000 or less (KRW 15,000 or less if requested by the resident)	
	Business portion	Total floor area of a place of business (over 330 m <sup>2</sup> ) Individual business, Corporate		KRW 250 per 1 m <sup>2</sup> (KRW 500 per 1 m <sup>2</sup> for waste water or industrial waste emitting businesses)	
	Employee portion	Wages (Over KRW 150 million)		0.5% of total wages	
Automobile tax	Possession	Passenger automobiles	Non-business use	KRW 80-200 per 1 cc	
			Business use	KRW 18-24 per 1 cc	
		Automobiles for passengers and freight	Freight automobiles	KRW 25,000 to 115,000	KRW 6,600 to 157,500
	Driving	Traffic-energy-environment (National tax)		36% of traffic tax (flexible tax rate 26%, Sep 5, 2021)	
Tabacco consumption tax	Cigarette manufacturer and importer			KRW 1,007 per 20 cigarettes (1 carton)	
Leisure tax	Amount of issued horse race (winning) bets			10% of the issued amount	
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 1 m <sup>3</sup> of underground water, KRW 2 per 10 m <sup>3</sup> of water for power generation	
Local education tax	2% acquisition tax x 20%, registration and license tax x 20%, leisure tax x 40%, cigarette consumption tax x 43.99%, resident tax (equal distribution) x 25%, automobile tax x 30%, property tax (excluding urban areas) x 20%				
Property tax	Property tax	Buildings, houses, land, ships, airplanes		Houses: 0.1, 0.15, 0.25, 0.4% Buildings: 0.25% Land (general aggregate) : 0.2, 0.3, 0.5% Land (separate aggregate): 0.2, 0.3, 0.4% Land (separate) : 0.07~4%	
	Urban areas	Land, buildings, houses		Tax base for land, etc., according to Clause 110: 0.14%	
Registration and license tax	Registration	Real estate	Preservation (0.8), Transfer (1.5, 2.0), Establishment (0.2)		
		Ships	Preservation (0.02%), Others (KRW 15,000 per case)		
		Automobiles	Registration of ownership (5% for nonbusiness use, 2% for small car)		
		Mechanical equipment	Registration of ownership (1%), Establishment (0.2%), Others (KRW 10,000)		
		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 4,500~67,500	

\* Source: Local Tax Guide 2024

#### [Appendix 4] KOTRA Overseas Investment Hub Offices

Country/ Region	Office	Tel	Address
US	New York	(1)212-826-0900	460 Park Avenue. 14th Fl. New York, NY 10022 U.S.A
	Silicon Valley	(1)408-432-5000	3003 N North First Street, San Jose, CA 95134 U.S.A
	Los Angeles	(1)323-954-9500 (#101)	4801 Wilshire Blvd., #104, Los Angeles, CA 90010 U.S.A
	Chicago	(1)312-644-4323	111 E. Wacker Dr, Suite 2229, Chicago, IL 60601 U.S.A
	Dallas	(1)940-666-4680	5360 Legacy Drive, Building 2, Suite 140, Plano, TX 75024 U.S.A
	Detroit	(1)248-619-1601	101 West Big Beaver Road, Suite 545, Troy, MI 48084 U.S.A
	Atlanta	(1)470-682-3960	950 East Paces Ferry Road, NE, Suite 999, Atlanta, GA 30326 U.S.A
Canada	Toronto	(1)416-368-3399	2 St. Clair Avenue West, Suite 800, Toronto, Ontario M4V 1L5 Canada
	Vancouver	(1)604-683-1820	#780-999, Canada Place, Vancouver, BC. Canada V6C 3E1
Germany	Munich	(49)89-2424-2630	5th Floor Buerkleinhaus Buerkleinstrasse 10, 80538 Muenchen, Germany
	Frankfurt	(49)69-242-9921	MesseTurm 33. OG, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany
	Hamburg	49)40-3405-7410	Axel-Springer-Platz 3, Haus B, 20355 Hamburg, Germany
UK	London	(44)20-7520-5300	1st Floor, Manfield House, 1 Southampton St, London, WC2R 0LR U.K
France	Paris	(33)1-55-35-88-88	19 Avenue de l'Opera, 75001 Paris, France
Sweden	Stockholm	(46)8-30-8090	Svärdvägen 11C, 182 33 Danderyd, Sweden
Denmark	Copenhagen	(45)3312-6658	Holbergsgade 14, 3rd Fl. Dk-1057 Copenhagen K. Denmark
Spain	Madrid	(34)91-556-6241	Torre Europa, Paseo de la Castellana. 95, planta 9 28046 Madrid, Spain
Netherlands	Amsterdam	(31)20-673-0555	Strawinskylaan 1253, 1077 XX Amsterdam, The Netherlands
Belgium	Brussels	(32)2-203-2142	Rond-point Schuman 11, 1040 Brussels, Belgium
Italy	Milano	(39)02-795-813	Via San Clemente 1, 20122 Milano, Italy
Switzerland	Zurich	(41)44-503-5309	Claridenstrasse 22, CH-8002 Zurich, Switzerland
Austria	Vienna	(43)1-586-3876	Mariahilferstrasse 77-79/1/3 (Mahu77, 3rd Fl.) A-1060 Vienna, Austria
Singapore	Singapore	(65)6426-7200	7 Temasek Boulevard, #13-02 Suntec Tower One, Singapore 038987
Australia	Sydney	(61)2-8233-4000	19.01 Level 19, 570 George St Sydney NSW 2000 Australia
	Melbourne	(61)3-9860-0500	Level 12, 468 St. Kilda Rd, Melbourne, VIC 3004, Australia
Japan	Tokyo	(81)3-3214-6951	9F, Shinkokusai Bldg. 4-1 Marunouchi 3-Chome, Chiyoda-Ku, Tokyo, Japan
	Osaka	(81)6-6262-3831	20F, Osaka Kokusai Bldg., 3-13, 2-Chome, Azuchimachi, Chuo-Ku, Osaka, Japan
	Fukuoka	(81)92-473-2005	4F CONNECT SQUARE HAKATA, 1 Chome-17-1 Hakataekihigashi, Hakata Ward, Fukuoka, Japan
	Nagoya	(81)52-561-3936	23Fl., Nagoya International Center Bldg., 47-1, 1-Chome, Nagono, Nakamura-Ku, Nagoya-Shi, Aichi-Pref, Japan
China	Beijing	(86)10-6410-6162	A-29F, Beijing Posco Center Bldg., Hongtai East St., Wangjing, Chaoyang District, Beijing
	Shanghai	(86)21-5108-8771	Room 3110, Shanghai Maxdo Center, No. 8, Xing Yi Road Shanghai, China
	Guangzhou	(86)20-2208-1600	2905-06, Teem Tower, No. 208 TianHe Road, TianHe District, GuangZhou, China
	Qingdao	(86)532-8388-7931	Room 2308, HNA Center, No. 2 Hongkong Mid Road, ShiNan District, Qingdao, Shandong, China
	Hong Kong	(852)2545-9500	Room 3102, 31 Fl., Central Plaza Bldg., 18 Harbour Road, Wanchai, Hong Kong
(Taiwan)	Taipei	(886)2-2725-2324	ROOM No. 2214, 22F, TWTC Int'l Trade Bldg., 333 Keelung Rd., Sec.1, Taipei, Taiwan R.O.C
UAE	Dubai	(971)4-450-4360	Korea Trade Centre, No. 202, Level 102, Arenco Tower, Media City, Dubai, UAE
Saudi Arabia	Riyadh	(966)11-513-8471	8th fl. Legend Tower, King Fahd Branch Road, Al Olaya, Riyadh, 12313, Kingdom of Saudi Arabia

## [Appendix 5] 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 Ban	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, Yeongdeungpogu, 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, Yeongdeungpogu, Seoul
iM Bank	International Business Division	053-740-2946	[42123]	(International Business Division, iM Bank) 2310, Dalgubeol-daero, Suseong-gu, Daegu
Deutsche Bank	Global Cash Operations	02-724-4281	[03180]	(Deutsche Bank) 18F, Youngpoong Bldg., (Seorindong) 41, Cheonggyecheon-ro, Jongno-gu, Seoul
DBS Bank	Customer Service Dept.	02-6322-2661	[04520]	(DBS Bank.) 18F, Seoul Finance Center, 136, Taepyeongno 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, Munhyeongeumyungro, Nam-gu, Busan
BNP Paribas	Cash and Loan	02-317-1929	[04631]	(BNP Paribas) 24F, State Tower Namsan, 100, Toegye-ro, Jung-gu, Seoul
Korea Development Bank	Trade Finance Dept.	02-787-7521	[07242]	(Korea Development Bank, Trade Finance Dept.) 14, Eunhaeng-ro, Yeongdeungpogu, 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, Ogeumro, Songpa-gu, Seoul
Shinhan Bank	Foreign Exchange Investment Dept.	02-2151-2872	[04513]	(Shinhan Bank, Foreign Exchange Investment Dept.) 20, Sejong-daero 9-gil, Seoul
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

Custodian Bank	Department	Phone No.	ZIP	Address
Woori Bank	Seoul Global Investment Center	02-3789-1899	[06611]	(Woori Bank, Seoul Global Investment Center) 2F, Gangnam Kyobo Tower, 465, Gangnamdaero, Seocho-gu, Seoul
Jeonbuk Bank	International Banking Team	02-751-2489	[07327]	3F, JB Financial Group Bldg., 77, Yeouinaruro, 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, Sejongdaero, 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

#### [Appendix 6] List of Law Firms



##### List of law firms 2025

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#### [Appendix 7] List of Accounting and Tax Firms



##### List of accounting & tax firms 2025

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