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# Customs Clearance in Korea



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**Customs Clearance  
in Korea**



## Confirmation of Completion of Investment-in-Kind

Chapter 1. Customs Clearance Procedure for Capital Goods	004
Chapter 2. Import Clearance Procedure	006
Chapter 3. Important Points	007
Chapter 4. Confirmation of Completion of Contribution- in-kind	009

## Import and Export Clearance

Chapter 1. Import Clearance	011
Chapter 2. Export Clearance	019
Chapter 3. Customs clearance of express cargo	023
Chapter 4. Customs Clearance of Postal Items	026
Chapter 5. Customs Clearance of Traveler's Hand-Carried Goods	028
Chapter 6. Customs clearance of shipments for international moving	032

## Declaration of Foreign Currency

Chapter 1. Foreign currency declaration upon departure	037
Chapter 2. Foreign currency declaration upon arrival	040
Chapter 3. Precautions	041

## IV Customs Duty Drawback

Chapter 1. Definition of Customs Duty Drawback	042
Chapter 2. Drawback Method	043
Chapter 3. Individual Drawback Process	045

# 2025 Customs Clearance in Korea

## **V** Bonded Factory System

Chapter 1. Overview of a Bonded Factory .....	046
Chapter 2. Special Permit for the Installation and Operation of a Bonded Factory .....	046
Chapter 3. Carry-in/Carry-out Procedure .....	048

## **VII** FTA

Chapter 1. What is a Free Trade Agreement (FTA)?.....	052
Chapter 2. Current Status of FTAs .....	054
Chapter 3. Rules of Origin .....	058
Chapter 4. Issuance of Certificate of Origin .....	059
Chapter 5. Approved Exporter Program.....	061
Chapter 6. Declaration of Origin .....	063
Chapter 7. Country of Origin Verification.....	064

## **VIII** Customs Duty Consulting

Consulting on custom duties via the customer support center of the Korea Customs Service.....	066
Consulting by phone.....	066
Online consulting service.....	066
Walk-in consulting .....	067
Consulting on FTAs through the Korea International Trade Association .....	067

# I

## Confirmation of Completion of Investment-in-Kind

### Chapter 1 • Customs Clearance Procedure for Capital Goods

#### Investment notification

- ① Place of notification: KOTRA or a foreign exchange bank
  - ② Required documents: 2 copies of the investment notification form, foreign investor's certificate of nationality, power of attorney (for notification by an agent)
- ※ Businesses subject to tax reduction/exemption: Apply for tax reduction/exemption to the Ministry of Economy and Finance after completing FDI notification

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#### Application for review and confirmation of specification of imported capital goods

- ① Place of application: KOTRA or a foreign exchange bank
- ② Subject of confirmation: 1) Capital goods eligible for customs duty, individual consumption tax and VAT exemption, 2) Capital goods imported by a foreign investor as an object of investment (contribution), 3) Capital goods that a foreign invested company imports as a means of international payment or a means of domestic payment incurred by the exchange of such a means of international payment, which are designated and publicly announced by the Minister of Trade, Industry and Energy

- ③ Application deadline: Application for review and confirmation before import declaration is accepted
  - ④ Required documents: 3 copies of application, documents proving the price (e.g., offer sheet)
- 

### Import clearance of capital goods

#### Required documents for capital goods subject to tariff exemption

1. A copy of the application for tariff exemption
  2. Copy of review and confirmation of specification of imported goods such as capital goods
  3. A copy of a document proving that the capital goods imported through payment in cash or investment-in-kind
  4. A document (decision to grant tax reduction/ exemption) certifying that a business is eligible for tax reduction/ exemption
  5. Invoice, declaration of price, B/L, AWB. Packing list (restricted to the relevant goods), certificate of origin (restricted to the relevant goods), documents proving the export conditions are met, etc.
- ※ Customs clearance is granted by submitting a business registration certificate issued under the name of a foreign-invested company
- 

### Confirmation of completion of investment-in-kind

- ① Place of application: The Korea Customs Service official dispatched to KOTRA
  - ② Required documents: 2 copies of the application, a copy of the import declaration certificate
- ※ Eligibility: Only when capital goods are paid (investment-in-kind) as an object of investment.

## Registration of company establishment

- ① Place of application: Registry division of a district court or a registry office
- ② Required documents: Application, basic documents, and in the case of investment-in-kind, a copy of certification of investment-in-kind

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## Registration of foreign-invested company

- ① Place of application: KOTRA or a foreign exchange bank
- ② Required documents: Application, basic documents (certified copy of corporate registration, certificate of purchase of foreign exchange, shareholders ledger, etc.), a copy of certification of investment-in-kind (in the case of investment-in-kind)

## Chapter 2 • Import Clearance Procedure

### Import Declaration

The import clearance procedure for capital goods is the same as the procedure for the customs clearance procedure for general imported goods. The declaration of capital goods import can be directly made to the Commissioner of Korea Customs Service or delegated to a customs broker.

#### Import clearance procedure



## Confirmation of review of specification of imported goods such as capital goods

Capital goods for which a certification of confirmation of review of specification of imported goods, etc. was obtained are deemed to have received import approval according to the Foreign Trade Act, so an import declaration certificate is unnecessary, but an import declaration should be filed with the documents confirmed by the head of the relevant ministry (head of delegated agency) attached (Article 29 of the Foreign Investment Promotion Act).

### Chapter 3 • Important Points

#### Submission of documents

Even if capital goods are subject to exemption from tariff, etc., an application for exemption of tariff, etc. and other necessary documents should be submitted before an import declaration is accepted to actually be granted tariff exemption.

#### Registration of business before importing capital goods

If tariffs, etc. are imposed on capital goods imported as an object of investment (investment-in-kind), business registration should be completed before importation of the capital goods to receive VAT exemption.



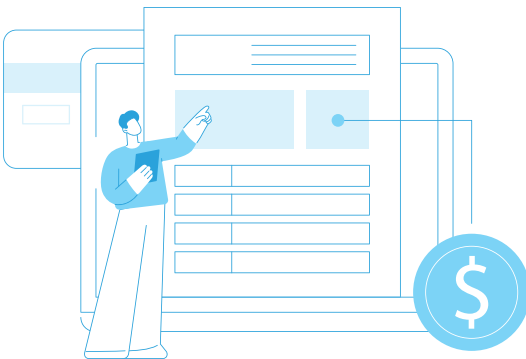
## Exempted amounts

Importers should check the sum of the value of capital goods for tariff exemption on the application form for exemption of tariff, individual consumption tax and value added tax so that the amount does not exceed the ceiling for application for tariff exemption.

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### Check the duration of exemption of customs tax, etc.

In the case of capital goods that are exempted from customs tax, individual consumption tax and value added tax pursuant to Article 116-5 of the Enforcement Decree of the Foreign Investment Promotion Act, import declaration pursuant to the Customs Act should be completed within five years of the date of report under Article 5 of the Foreign Investment Promotion Act. However, where import declaration cannot be completed within the said period due to delay in factory construction approval or other inevitable causes, the period shall be extended to six years after an application for extension is made to the Minister of Economy and Finance and approval is obtained.



## Chapter 4 • Confirmation of Completion of Contribution- in-kind

### Confirmation of completion of investment-in-kind

- ① For capital goods (contribution-in-kind) that are being brought into the country for investment purposes, after the customs clearance of capital goods the importer must submit 2 copies of the application for confirmation of completion of investment-in-kind, along with a copy of the import declaration completion certificate, to the customs service officer dispatched to KOTRA to receive a certificate of confirmation.
- ② Notwithstanding Article 299 of the Commercial Act, when a foreign investor makes an investment-in-kind with capital goods, the inspector's inspection report shall be regarded as the commissioner of the customs service's confirmation on execution of investment-in-kind and the type, quantity, and price of the goods used for the specified purpose. This shall also apply when making an investment-in-kind with capital goods after incorporation.
- ③ In the event of capital goods being divided up and cleared in batches, the importer shall apply for a confirmation of the completion of contribution-in-kind only after all the goods have been cleared by the customs office. The required documents are the application form for confirmation of completion of investment-in-kind and a copy of the import declaration completion certificate.

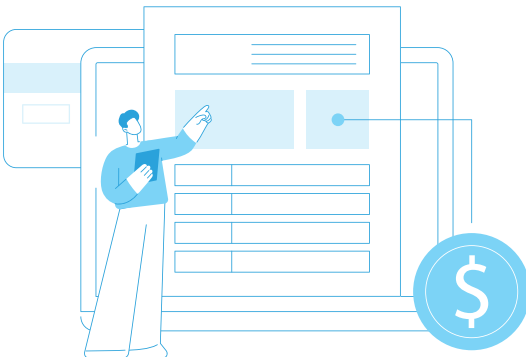
## Notification of completion of investment

When the commissioner of the customs service has verified the completion of the investment-in-kind, he or she must immediately notify the governor of the Bank of Korea thereof.

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## Listing of capital and registration as a foreign investment company

When a foreign investment company completes the importation of capital goods for the purpose of investment, it must obtain the certificate of confirmation of completion of investment-in-kind and use to register its capital in a judicial court, and also register the company as a foreign invested company with the head of a foreign exchange bank or KOTRA.



# II

## Import and Export Clearance

### Chapter 1 • Import Clearance

#### Definition

Import clearance refers to the series of processes whereby an importer declares goods to be imported to the head of a customs office, and the customs office head accepts such declaration if it has been filed in compliance with the stipulations outlined in the Customs Act and other relevant statutes, and issues a certificate of import declaration to the declarer so that goods can enter the country.

#### Import declaration method and timing

- Declaration method: Transmit data through the Korea Customs Service's UNI-PASS e-customs clearance system.
  - ※ To file an online import declaration or application, use the electronic customs clearance system (UNI-PASS, <http://unipass.customs.go.kr>). For how to use the system, inquire the electronic customs clearance tech support center (☎1544-1285).
- Declarer: customs broker, self-customs clearance company (cargo owner)
- Import declaration period: The principle is to declare import when the goods arrive at the port (airport), but import can be declared before arrival of goods for swift customs clearance.

### **Documents to be submitted when declaring import**

- ① Required documents: Import declaration form (transmitted through electronic system)
- ② Optional documents: Invoice, packing list, B/L, C/O, inspection certificate (quarantine certificate), etc.

\* The optional documents are to be submitted if requested by the customs office.

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### **Inspection of imported goods: Inspection method and handling**

- Selection of inspection items: Inspection items are selected from the declared imports based on the importer's history of compliance with law and import practices.
- Purpose of inspection: Accuracy of import declaration information (items, quantity, labeling of country of origin, violation of copyright)
- Expense of inspection: To be borne by the import cargo owner
- Inspection method: Whole inspection, partial inspection, analysis inspection, inspection using scientific devices
- How identified items are handled: Order for correction, imposition of fines, criminal charges

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### **Acceptance of import declaration**

- Import declaration is accepted when no problems were found in the import inspection and document review process.

### **Causes for order of supplementation**

- ① Where the matters to be stated on tie declaration form is not stated.

- ② Where a document to be submitted for report review results is omitted, or additional documents of proof are need
- ③ Where P/L declaration is to be changed to declaration by submission of documents.

### **Causes for suspension of customs clearance**

- ① Where matters stated on the report form on export/import or return of goods pursuant to Article 241 or 244 of the Customs Act should be supplemented
- ② Where the report should be supplemented due to lack of required documents pursuant to Article 245 of the Customs Act
- ③ Where there is risk of violation of the obligations set forth under the Customs Act or public health may be undermined.
- ④ Where a safety test pursuant to Article 246-3 (1) of the Customs Act is needed.
- ⑤ Where import is made by a delinquent taxpayer whose collection of arrears has been entrusted to the head of the customs office pursuant to Article 30-2 of the National Tax Collection Act
- ⑥ Where the importer is reported or investigated for violation of customs related laws.
- ⑦ Where the labeling of quality, etc. of goods are false or misleading pursuant to Article 230-2 of the Customs Act
- ⑧ Where it takes a long period of time to meet the conditions required for acceptance of declaration through customs clearance audit

- Taxes such as customs duty are paid when declaration is accepted.
  - ※ Benefits such as permission of post-payment of taxes apply to companies with a high credit rating.
  - Issuance of certificate of completion of import declaration after tax payment
  - ※ To prevent forgery, various marks are on the certificate of import declaration such as special customs office stamp, watermark (KCS logo), serial number, barcode, mark of copy.
- 

### **Release of goods**

- Release of goods from bonded warehouse after confirmation of acceptance of import declaration
  - ※ In the case of goods that are needed to be used urgently, such as raw materials, taxes including tariffs can be paid after report of permission of release of goods is accepted even before acceptance of import declaration.
- 

### **Imported goods subject to confirmation by the head of the customs office**

- The head of the customs office shall check whether the imported goods meet the requirements prescribed by law such as permission, approval, labeling, and others.
- ※ Public notice of designation of goods subject to confirmation by the head of a customs office and method of confirmation pursuant to Article 226 of the Customs Act

## Examination of types and priorities of tariff duties

- The current tariff rates are as follows

Type		Definition and legal ground
National tariff rate	Basic tariff rate	Basic tariff rate under the tariff rate table in the attached Table of the Customs Act
	Provisional tariff rate	A rate that is different from the basic tax rate is provisionally applied
	Flexible tariff rate	Anti-dumping tariff rate, countervailing tariff rate, seasonal tariff rate, adjustment tariff; based on Article 51 or 75 (excluding Article 73) of the Customs Act
Conventional tariff rate		Tax rate determined based on a foreign tax treaty or administrative agreement

- Priority of application of tariff rate (Customs Act)

Priority	Applied tariff rate	Note
1	Anti-dumping tariffs (Article 51), countervailing tariffs (Article 57), retaliatory tariffs (Article 63), emergency tariffs (Article 65), emergency tariff on goods from particular countries (Article 67-2), special emergency tariffs on agricultural, forest and livestock products (Article 68), adjusted duties (subparagraph 2 of Article 69)	Applied first regardless of the rate of tariff
2	International cooperation tariffs (Article 73), beneficial tariffs (Article 74)	Applied first if tariff rate is lower than those in 3, 4, 5 below
3	Adjusted duties (subparagraphs 1, 3, 4 of Article 69), quota tariffs and seasonal duties (Articles 71, 72)	Quota tariffs shall apply if lower than the tariff in 4
4	General preferential tariffs (Article 76)	-
5	Provisional tariffs (Article 50)	-
6	Basic tariffs (Article 50)	-



## Specific tariff rates may apply

- Simplified tariff rate: Customs duties, domestic tax, etc. are combined into a single tax rate

### ① Goods subject to the simplified tariff rate

- Hand-carried goods of travelers or flight attendants
- Regular post (excluding those that require declaration of import)
- Consignments or unaccompanied goods

### ② Goods excluded from application of the simplified tariff rate

- Goods under Article 96 (2) of the Enforcement Decree of the Customs Act

(1) Goods for which the tariff rate is zero and goods for which tariff is reduced/exempted

(2) Raw materials for export

(3) Goods related to violations under Article 11 of the Customs Act

(4) Goods for which specific customs duties are applied

(5) One of the following goods prescribed by the Commissioner of the Korea Customs Service

a. Goods recognized as commercial goods

b. High-priced goods

c. Goods the import of which may damage domestic industries

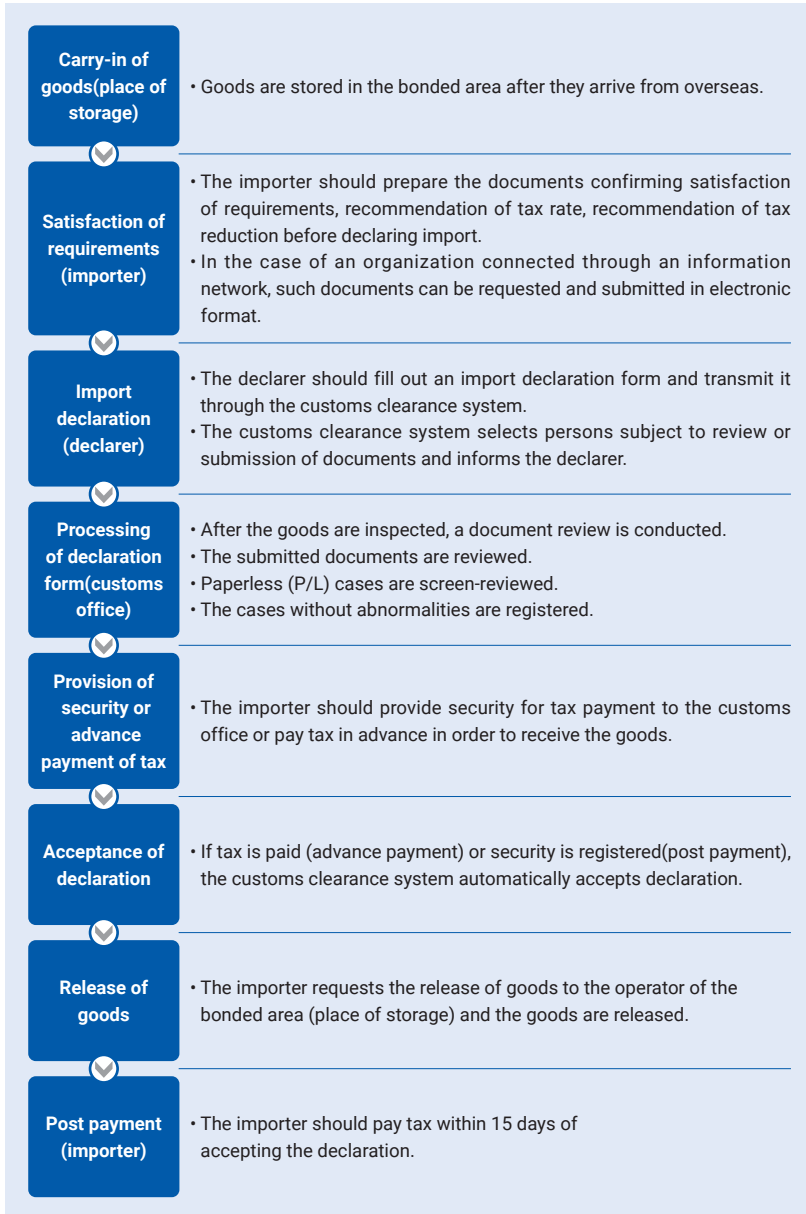
d. Goods that may be damaging to administrative affairs where a simplified tax rate pursuant to Article 81 (4) of the Customs Act is applied

(6) Goods for which the owner requested while declaring import that simplified tax rate shall not apply to all of the taxable goods

- Tariff rates under agreement
  - With regard to goods on which an import declaration is filed en block, their tariff rates are different by item, the highest tariff rate of such rates may apply to such goods, upon request from the declarant
- Specific use duty rates
  - Where goods whose tariff rates (basic, provisional, concessional, flexible) differ depending on the purpose are to be used for a purpose with a low tariff rate, the lower tax rate shall apply after obtaining the approval of the head of the customs office.



## Import clearance procedure



< For more information, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on processing import clearance matters >

## Chapter 2 • Export Clearance

### **Export should be declared in a correct manner.**

- Export should be declared faithfully pursuant to customs and trade related laws such as the Customs Act and Foreign Trade Act
- Where export is falsely declared or goods are exported without being declared, the person may be punished for offense of false reporting, smuggling or price forgery.

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### **When clearing export, document review or inspection may be conducted.**

- When declaring export, the customs office shall check whether the matters prescribed by the Customs Act, Foreign Trade, Act, etc. are violated or whether the export is illegal. If no violations are detected, customs is swiftly cleared.

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### **Export declaration should be filed to the head of the jurisdictional customs office where the goods are stored.**

- Export declaration should be filed to the head of the customs office having jurisdiction over the place where the goods for export are stored. If not, the declarer can be punished for false reporting.

**Stolen cars, used cars whose registration was not cancelled, and lost or stolen cellphones cannot be exported.**

- When intending to export used cars (including construction machinery), the registration of the cars should be cancelled before they are exported.
- ※ To prevent the illegal export of stolen used cars, a report system after storage in the bonded area was introduced and used cars were designated as an item subject to report (April 2017).
- When intending to export used cellphones, they should be exported after checking whether they are stolen cellphones from the Korea Association for ICT Promotion.
- About the above items, the customs office conducts a screening and inspection on whether the items are lost, stolen or cancelled from registration.

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**The loading of the goods for which export declaration is accepted should be completed within 30 days.**

- In the case of goods for which export declaration is accepted, they should be loaded on a means of transportation navigating overseas within 30 days of the date of acceptance of export declaration.

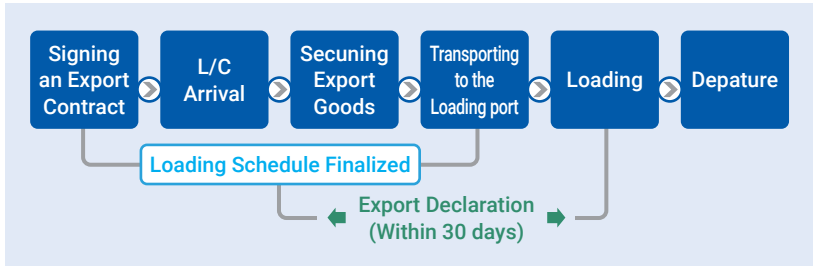
## When declaring export, check if the goods are subject to export restriction.

- Where the goods exported are those under the public notice of designation of goods subject to confirmation by the head of a customs office and method of confirmation pursuant to Article 226 of the Customs Act or strategic goods under Article 19 of the Foreign Trade Act, the approval of the relevant authority should be obtained.

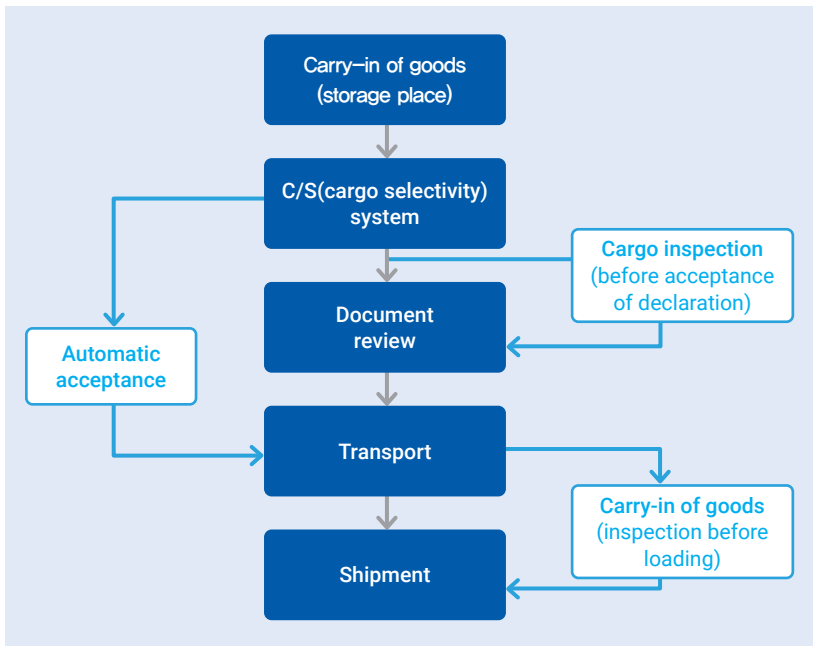
Governing law	Goods
(1) Narcotics Control Act	• Goods subject to the Act
(2) Defense Acquisition Program Act	• Goods subject to the Act
(3) Act on the Transboundary Movement of Hazardous Wastes and Their Disposal	• Goods subject to the Act
(4) Foreign Exchange Transactions Act	• Goods subject to the Act
(5) Act on the Safety Management of Guns, Swords, and Explosives	• Pistol, rifle, machine gun, gunpowder, explosive • Other guns and their parts, swords, blasting agents, sprayers, electroshock weapons, crossbows
(6) Wildlife Protection and Management Act	• Wildlife • Endangered wildlife • Wildlife subject to approval for transfer to overseas
(7) Cultural Heritage Protection Act	• Goods subject to the Act
(8) Inter-Korean Exchange and Cooperation Act	• Goods subject to the Act
(9) Nuclear Safety Act	• Nuclear materials • Radiostopes and radiation generating device
(10) Act on the Prevention of Contagious Animal Diseases	• Goods subject to the Act
(11) Wastes Control Act	• Goods subject to the Act
(12) Act on the preservation and use of agricultural and fishery products	• Ginseng seeds

## Export process and customs clearance

- Export clearance refers to the procedure of declaring export of goods to the customs office, receiving acceptance of export declaration, and loading of the goods on an international trade vessel or aircraft.
- Export procedure



- Export clearance process



< For more information, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on processing import clearance matters >

## Chapter 3 • Customs clearance of express cargo

### Procedure for customs clearance of express cargo

- Previously, express cargo were mostly documents, but recently, with the increase in overseas online shopping, the portion of goods purchased online is increasing.
- For express cargo, x-ray inspection and random inspection is conducted to prevent goods banned from import and the illegal customs clearance of taxable goods.
- ※ The act of intentionally reporting the price of goods falsely or importing prohibited goods may face penalties pursuant to the Customs Act.

### Method of customs clearance

- List clearance
  - Under the list clearance method, goods can clear customs only with an invoice stating the name of the sender and the recipient, telephone number, address, content, price, weight, URL of the e-commerce site, etc. In the case of individual express cargo, the recipient's personal customs clearance code (or year and date of birth) should be submitted.
  - Among items to be used by an individual or samples to be used by companies, items not over USD 150 (USD 200 for US items) that do not fall under the excluded items below are qualified for list clearance.



## Goods excluded from list clearance

- ① Medicine
- ② Oriental medicine ingredients
- ③ Wild animals related products
- ④ Goods subject to quarantine such as agricultural, livestock and fisheries products
- ⑤ Health foods
- ⑥ Goods that are suspected to have infringed intellectual property rights
- ⑦ Foods, liquor, tobacco
- ⑧ Cosmetics (limited to functional cosmetics, cosmetics containing placenta or steroids, and hazardous cosmetics with unknown ingredients)
- ⑨ Goods for which the bill of landing or Air Waybill has been additionally recorded due to correction of the cargo manifest
- ⑩ Goods subject to list clearance whose content, size, quantity, price, etc. have been incorrectly recorded
- ⑪ Broadcasting and communications equipment pursuant to Article 77-2 (1) falling under subparagraph 1 (i) of attached Table 6-2 of the Enforcement Decree of the same Act
- ⑫ Other goods recognized as the head of the customs office as not appropriate for list clearance, such as goods restricted from customs clearance.

- Simplified import declaration
    - Goods that are over USD 150 (USD 200 for the US) and not over USD 2,000 are subject to simplified import declaration.
    - The head of a customs office may allow import clearance without a separate inspection if it is deemed that the matters declared such as content and price are correct, and import declaration can be filed according to general import procedures.
  - General import declaration
    - Goods that are over USD 2,000 or excluded from list clearance or simplified import declaration are subject to general import declaration..
- 

### Tax exemption for express cargo

- Non-taxation applies to goods subject to list clearance. When import declaration is filed, customs duties and VAT are exempted on when the goods are for personal use and the price is not over USD 150. However, tobacco consumption tax, individual consumption tax, etc, are levied. Also, if the price of goods is over USD 150, the total taxable price is taxed.
- ※ Price of goods = In addition to the amount paid for the goods, other expenses such as tax, inland transport expenses, insurance premium are included. ("international transport expense and insurance premium, etc." for the goods sent to Korea can be excluded if they can be clearly identified.)

< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on handling express cargo and import clearance affairs >

## Chapter 4 • Customs Clearance of Postal Items

### Procedure for customs clearance of postal items

- Korea exempts customs duties for goods donated to residents of Korea by their overseas relatives, etc. that are below a certain amount (up to USD 150).
- Postal items for which the customs office exempted duties on the spot are transferred to the recipient's jurisdictional post office and delivered to the recipient's residence. The postal items subject to customs duties can clear customs only after the recipient pays duties, and some items need to satisfy the import restriction requirements (quarantine certificate, etc.) to clear customs.

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### Customs clearance of postal items

- Simplified import declaration
  - Items that are not subject to general import declaration are subject to simplified import declaration, and even if the recipient does not declare import at the customs office, taxation and tax exemption shall be determined pursuant to the goods description of the customs declaration form attached on the postal item.
  - The scope of customs duty exemption and taxation shall be determined based on the item's price, quantity, and reason for import. Postal items for which duty exemption or tax amount has been decided shall be delivered to the recipient's address by the postal office, and the recipient can collect the postal item after paying tax.

- General import declaration

- The following items are subject to general import declaration, which should be filed through a customs broker. In the case of items restricted from import, the required documents certifying recommendation, permission, approval, etc. should be attached.

**Items subject to general import declaration**

- ① Items that are restricted or prohibited from import/export pursuant to relevant laws
- ② Items which need to be confirmed pursuant to the head of the customs office pursuant to Article 226 of the Customs Act
- ③ Items imported for the purpose of sale
- ④ Items priced over USD 1,000
- ⑤ Gifts whose taxable price is over KRW 5 million
- ⑥ Items for which the recipient applies for general import declaration

< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on handling international postal items import clearance affairs. >



## Chapter 5 • Customs Clearance of Traveler's Hand-Carried Goods

### Definition of traveler's hand-carried goods

- Goods or personal ornamentations recognized by as suitable for travelers to carry normally in their hands
- Goods carried by a non-resident traveler which are considered to be essential items for the traveler's occupation
- Goods normally recognized as travelers' hand-carried goods or unaccompanied goods taking into the account the nature, quantity, price, purpose, etc. of goods.

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### Scope of duty free allowance

- Travelers' hand-carried goods, where each item's taxable value totals no more than USD 800 (each agricultural, livestock and fishery goods shall be not over 5 kg and the total items shall be not over 40 kg, and the total overseas purchase price shall be not over KRW 100,000)
  - 60ml In addition to the above, 2 bottles of liquor (the total volume is not more than 2 L and the total price is not more than USD 400), 200 filtered cigarettes, 20 ml of nicotine solutions for electronic cigarettes (nicotine content of less than 1%), 100 ml of perfume
- ※ Duty free allowance for liquor and cigarettes does not apply to minors aged under 19 (based on year of birth)

## Faithful report of travelers' hand-carried goods

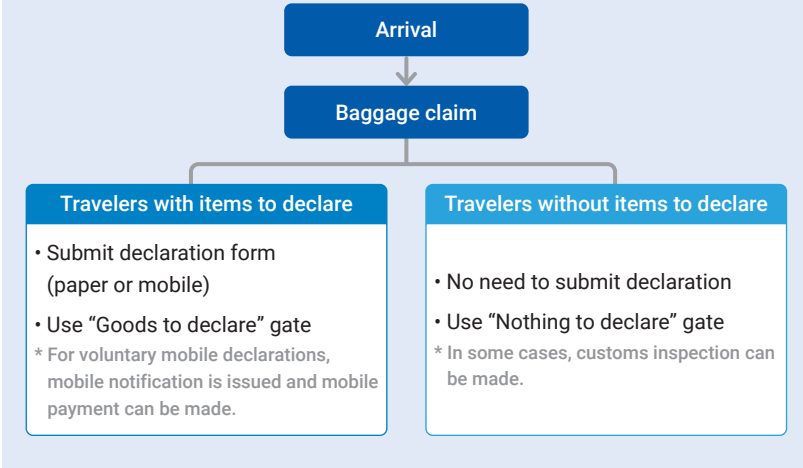
- Goods exceeding the duty free allowance
  - Voluntary report: 30% of duty is reduced
  - When non-reporting is detected: Penalty is charged (40% of the tax payable, 60% for 2 or more detections within 2 years)

## Goods to be reported

- Goods exceeding the duty free allowance
- Commercial goods, goods used for repairment, samples
- Firearms, swords, explosives, gas sprayers, tasers, crossbows (including parts, imitations, or ornaments), toxic or radioactive materials, and wiretapping equipment
- Drugs such as poppies, opium and cocoa leaves, psychotropic drugs, marijuana and its derivative products, and pharmaceutical drugs that could be misused or abused
- Books, photos, videotape, film, LD, CD, CD-ROM, etc., that violate the National Constitution, public security, and social customs
- Goods which reveal confidential information of the Government or are used to carry out intelligence missions
- Currencies, bonds and securities which are counterfeited, forged or copied
- Products derived from wild animals (including meat, skin, and hair), plants, fruits, vegetables, live fish; agricultural, forestry, livestock, and fishery products (including processed goods); other foods

- Live wild animals and plants protected by the Convention on the International Trade of Endangered Species of Wild Fauna and Flora (CITES), and products and processed goods made with them (tiger, leopard, elephant, rhinoceros, ostrich, hawk, owl, cobra, turtle, alligator, sturgeon, coral, orchid, cactus, aloe, etc. and their stuffed specimens; fur and ivory and handbags, purses, accessories, etc. made with them; oriental medicines made with animal parts such as the gall bladder of bears and musk; elecampane, cibot rhizome, gastrodia, etc.; and oriental medicines or medical supplies made with them).
- Goods that infringe intellectual property rights, including trademark rights
- Goods that have been taken out and brought in again by a traveler or an air/ship crew member who leaves the country temporarily
- Goods to be kept at the customs office with no intention of being exported into the country or being taken out when leaving the country (including goods that are intended to be delivered to the destination after changing the delivering person after transfer)
- Means of payment, etc. exceeding USD 10,000 pursuant to Articles 5-11 (1), 6-2 (2), 6-3 (1) of the Regulations on Foreign Exchange Transactions

## Customs clearance process for a traveler's hand-carried goods



< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on the customs clearance of hand-carried goods of travelers and flight crew >





## Chapter 6 • Customs clearance of shipments for international moving

### Definition

- Customs clearance for moving household effects to Korea is a procedure in which a person who enters the country for the purpose of relocating his or her residence to Korea reports the details of the goods to Customs and pays or is exempted from duties, if applicable, in accordance with the Customs Act.
- Moving goods are goods that are needed for the everyday living of the person moving to Korea or his/her dependent family members, and the scope of the goods are recognized in consideration of the occupation of the mover, cause for change in residence, number of family members, etc., and the duty free allowance is applied differently depending on the qualification of the mover.
- “The person who moves to Korea” is a Korean national (excluding persons with permanent residency) who has had his/her residence in an overseas country for one year (6 months if accompanying their family members) or longer or a foreigner or a person with permanent residency who intends to reside in Korea for one year (6 months if accompanying their family members) or longer in Korea.

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### Scope of items accepted as moving goods

- ① Customs duties may not be collected by the customs office on goods that are recognized as moving goods after taking into account the reason for the person’s moving, and as well as the person’s occupation, number of family members, and other circumstances.

② Durable household goods shall be recognized based on the criteria shown in the table below. However, the customs office may take into account the residential environment and exercise some flexibility in applying the criteria.

**[ Number of items accepted by the number of family members ]**

Family members	Number of items accepted as moving goods
1, 2	1
3, 4	2
5 - 8	3
9 or more	4

**Moving goods that must be taxed**

- The following non-tariff exempted goods carried in by the person who is moving (excluding goods that the person will carry out when he or she departs the country) must be taxed:
  1. Vessels
  2. Aircraft
  3. Automobile (excluding cars exported from Korea and vehicles carried in by a reporter with foreign nationality that the Minister of Culture, Sports and Tourism confirms are for reporting purposes)
  4. Jewels, pearls, starch, coral, amber, ivory and products derived from them whose taxable price is no less than KRW 5 million
  5. Goods generally acknowledged for household use and used for less than three months before the person who is moving enters South Korea
  6. Goods that clearly fall outside the scope of what can reasonably be regarded as moving goods

## Determination of taxable price

- ① The calculation of the taxable price of moving goods or carried-in goods declared by a short-term resident of South Korea shall be based on the public notice on determining the taxable price of imported goods. The following standards shall apply to taxable moving goods that exceed the scope of recognition of moving goods.
1. If the period of use is less than 3 months  
: 80% of the new product price
  2. If the period of use is less than 6 months  
: 60% of the new product price
  3. If the period of use is 6 months or longer but less than 1 year  
: 40% of the new product price
  4. If the period of use is 1 year or longer  
: 20% of the new product price
- ② The taxable price of an automobile is calculated by first finding the list price of a new model from a regularly published motor vehicle price guide. Then the amount of depreciation in the value of the automobile for the period starting from the first registration date to the date the import declaration is filed must be deducted from the list price. The final taxable price is the list price plus the operating cost and insurance premiums. However, when the customs office is presented with actual purchase price data that can be corroborated objectively, the price will be accepted.

## Processing of carried-in goods belonging to short-term residents

- ① Goods that are generally recognized as personal goods - based on such factors as the person's reason for residing in South Korea, occupation, period of residency, place of residency, and whether they belong to the category of short-term residents who have not used them for at least three months - shall not be taxed.
- ② If a short-term resident seeks an exemption from the tariff on carried-in goods, he or she must produce a lease contract to prove that he has found a place of residence and has been living there for some time.
- ③ Short-term residents who are carrying-in goods like automobiles that must be taxed must follow the general import clearance procedure.

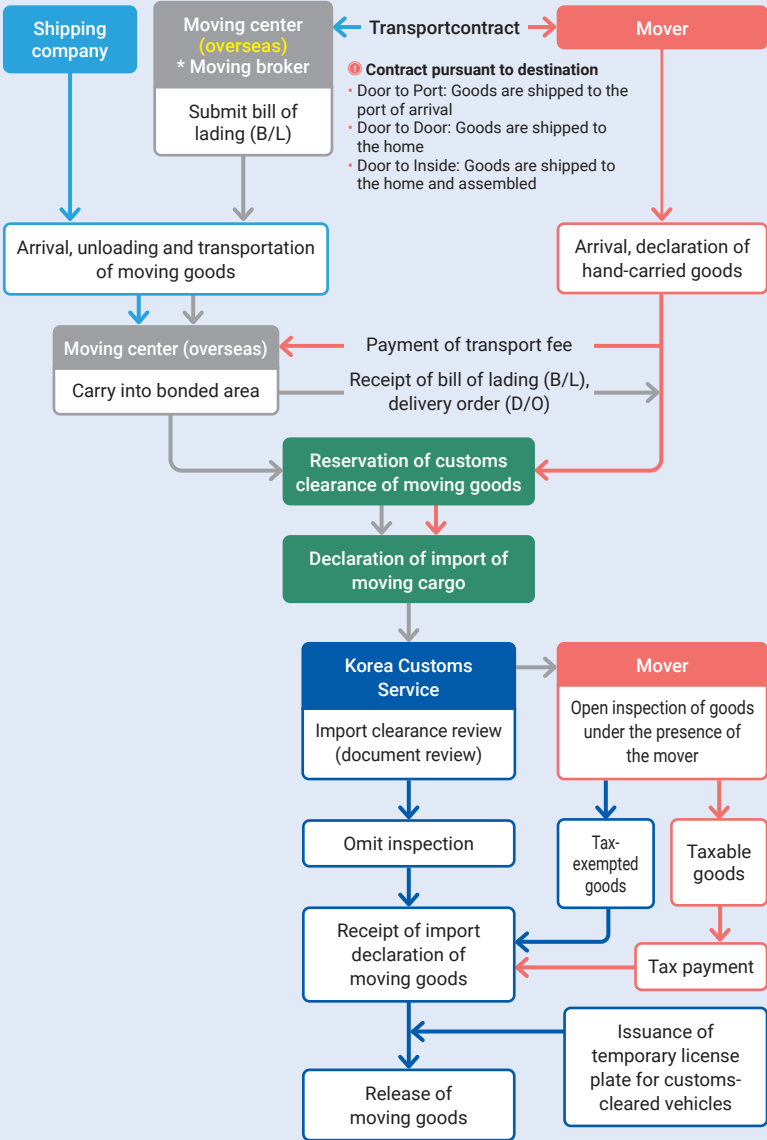
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## Customs offices where moving goods can be cleared

In principle, moving goods shall clear customs at the port customs office or airport customs office located at the place where the goods have arrived. However, for the convenience of declarers, the moving goods may also be sent by bonded transportation to one of the following customs offices:

1. Seoul Main Customs
2. Incheon Main Customs
3. Yongdang Main Customs
4. Daejeon Main Customs

## Moving goods customs clearance process



< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on the customs clearance of moving goods. >

# III

## Declaration of Foreign Currency

### Chapter 1 • Foreign currency declaration upon departure

#### Requirements

- ① When a resident or a non-resident exports a means of payment of not more than USD 10,000 (referring to a means of foreign payment, domestic currency, or won-denominated cashier's check), no declaration is required.
- ② When a non-resident departs the country carrying a means of payment (i.e. within the allowed amount), having previously hand-carried it into the country, no declaration is required. Declaration is also not required when a person receives money from abroad, withdraws money from a credit card issued overseas, or receives confirmation from the President of Korea Exchange Bank for money withdrawn from an outside bank account; provided, however, that he or she is able to show a letter of confirmation if required to do so.
- ③ When a resident, who is a South Korean national, exports a means of payment (external means of payment, domestic currency, or cashier's check denominated in won) exceeding USD 10,000 for general overseas travel expenses, he or she may take the money directly overseas if he or she declares it to the head of the customs office before departing the country.

## Precaution

- ① When overseas migrants, overseas residents, overseas students and travel agents depart South Korea hand-carrying overseas travel expenses exceeding USD 10,000, or if a foreign resident of South Korea intends to leave the country with domestically earned income, he or she must obtain confirmation from the head of the Korea Exchange Bank. (In this case, travelers do not have to complete a separate customs declaration, but a letter of confirmation must be presented at the request of a customs officer.)
- ② In the case of payment for a transaction of goods or payment for a transaction of capital, the traveler may hand-carry them when he or she departs the country after filing a declaration as prescribed for each transaction (e.g., payment for a transaction of goods: declare to the Governor of the Bank of Korea).



## Procedure for departing South Korea with foreign currency

Classification		Residents who are Korean nationals	Non-residents, etc.	
Means of international payment, domestic currency, won-denominated cashier's check	The sum is not more than USD 10,000	No restrictions	No restrictions	
	Over USD 10,000	Overseas moving cost of persons moving overseas, overseas travel expenses of travel agents, overseas students, persons residing overseas	Confirmation of the head of a foreign exchange bank (certificate required)	Not applicable
		General overseas travel expenses of general overseas travelers	Declare to head of customs office	Not applicable
		Means of international payment within the amount most recently hand-carried into Korea	Declare separately depending on purpose, regardless of whether they are brought in from overseas (including foreign residents)	No need to declare (certificate required)
		Means of international payment re-exchanged after acquiring at a casino	Not applicable	No need to declare (certificate required)
		Other funds for payment for goods, acquisition of stocks, purchase of real estate, overseas deposit, etc.	Declaration without going through a foreign exchange bank or declaration of capital transaction (separate from customs declaration)	Declaration



## Chapter 2 • Foreign currency declaration upon arrival

### Requirements

- ① Permission of declaration is not required when bringing in means of payment not exceeding USD 10,000 to Korea.
- ② There is no need to report or authorize the importation of promissory notes, letters of credit, or bills of exchange.
- ③ When entering Korea with foreign currency, KRW notes, or checks amounting to more than USD 10,000 in total, it should be declared to the customs office.
- ④ Cashier's checks in Korean won should be declared as well.

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### Declaration procedure

- ① Mark "Yes" on no. 3 of the traveler declaration form, write down the specific amount, and submit to the customs official.
- ② The declarer should receive a certificate of foreign currency declaration.
- ③ The certificate of foreign currency declaration cannot be issued after entering Korea (after leaving the immigration)

※ T1 Travelers Customs Clearance Department ☎032-722-4422,  
T2 Travelers Customs Clearance Department ☎032-723-5119

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**When carrying in foreign currency through express cargo or international post, customs declaration should be filed and the certificate of foreign currency declaration should be obtained to deposit the currency at a Korean bank and exchange currency.**

## Chapter 3 · Precautions

### Related regulations

- ① Article 17 of the Foreign Exchange Transactions Act, Article 31 of the Enforcement Decree of the Act
  - ② Chapter 6 of the Foreign Exchange Transactions Regulations
- 

### Penalties

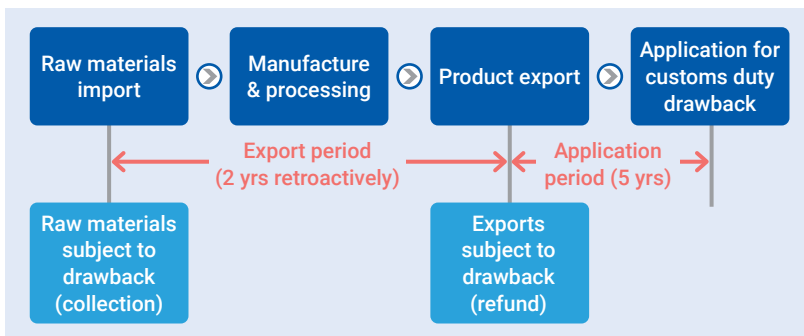
- ① A fine (Article 32 of the Customs Act) will be levied on a person who exports/imports foreign currency without declaring it, provided that the amount involved in the violation of the declaration is not more than USD 30,000.
  - ② If the amount involved exceeds USD 30,000, the person may face up to one year in prison or a fine of up to KRW 100 million. However, if the tripled price of the item that is the subject of the violation exceeds the maximum fine of KRW 100 million, the person will have to pay a fine up to the tripled price of the item.
- ※ The system of declaring the means of payment that a person carries out when leaving a country has been adopted by a number of advanced countries, including the US, Japan and France, with the aim of cracking down on the laundering of drug money and other illegal money. South Korea is also operating the system with the same purpose.

# IV

## Customs Duty Drawback

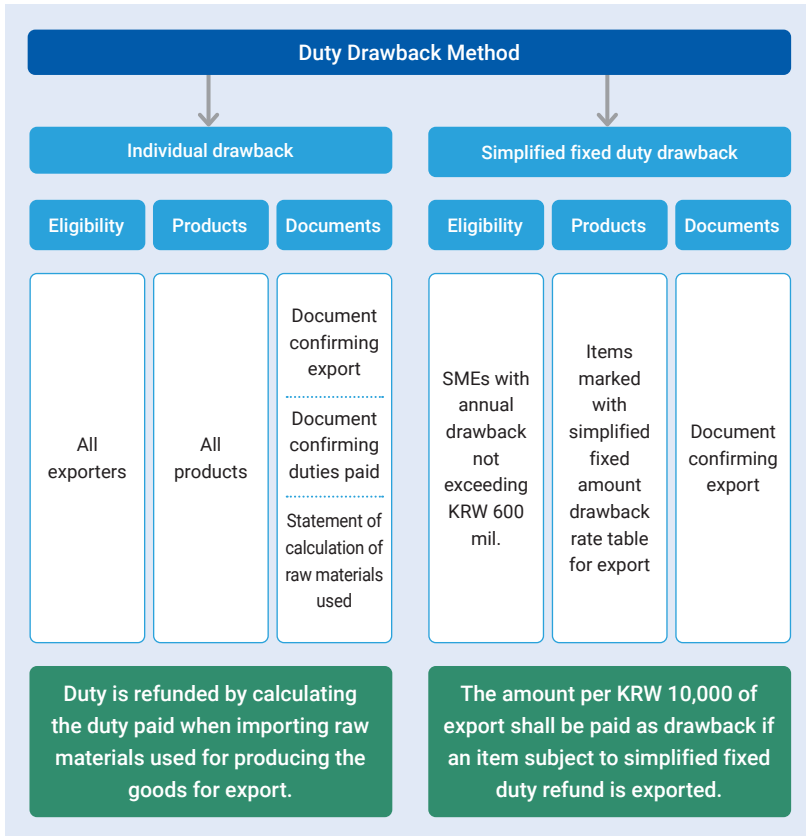
### Chapter 1 • Definition of Customs Duty Drawback

- Under a customs duty drawback scheme, the customs duty, etc. paid at the time of importation is refunded if the requirements prescribed on the Act on special cases concerning the refund of customs duties.
  - Where imported raw materials are exported or used for obtaining foreign currency, the customs duty paid at the time of import is returned to the exporter or manufacturer upon reception of an application.
- An application for drawback of customs duty should be filed within two years of the day on which the goods are provided for export, etc., and the customs duty paid for the raw materials for the goods imported within two years (export execution period) retroactively from the last day on which the goods were provided for export, etc.



## Chapter 2 • Drawback Method

- Customs duty drawback can be classified into individual drawback that certifies the amount of tax paid, and simplified fixed duty drawback that does not certify the amount of duty paid.



- Simplified fixed duty drawback is granted to SMEs under Article 2 of the Framework Act on Small and Medium Enterprises that fall under all of the following conditions:
    - Manufacturing businesses that received no more than KRW 800 million in annual drawbacks for the year in which the application date belongs and for two immediately preceding years (including the drawback received by submitting a certificate of tax payment for raw materials)
    - A business that received no more than KRW 800 million in drawbacks in the year in which application for drawback was made (including the drawback received by submitting a certificate of tax payment for raw materials)
- 
- Under the simplified fixed duty refund, application is made without certifying the duties paid for raw materials import or calculating the amount of raw materials used.
- 
- Individual drawback calculates the duties paid when raw materials used for manufacturing goods for export are imported and also calculates the amount of each raw materials used for manufacturing goods for export. Because the duties paid when importing raw materials are individually calculated, the amount of drawback is accurate, but the calculation process is rather complicated.

## Chapter 3 • Individual Drawback Process

### Import of raw materials

- There should be customs duty paid for imported raw materials.
- When purchased in Korea, the amount of customs duty paid should be certified through a certificate of tax payment for basic raw materials, a partial certificate of import declaration, a certificate of annual tax amount, etc.



### Manufacture of goods to be exported

- The imported raw materials should be physically or chemically combined with the goods for export.
- The goods used for the manufacture of the exported goods and packagings for the exported goods are included in raw materials subject to drawback.



### Import declaration (declarer)

- The declarer should fill out an import declaration form and transmit it through the customs clearance system.
- The customs clearance system selects persons subject to review or submission of documents and informs the declarer.



### Application for drawback

- An application should be filed within two years of the date of providing the raw materials for export, etc.



### Payment of drawback

- The drawback is remitted to the applicant's account after the information and documents required are verified.



### Post-payment verification

- Except for where penalties were imposed due to wrongful drawback or where the drawback may be excessive, the accuracy of the drawback amount is verified after payment.

< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the Act on Special Cases Concerning the Refund of Customs Duties Levied on Raw Materials for Export >

# V

## Bonded Factory System

### Chapter 1 • Overview of a Bonded Factory

- A “bonded factory” refers to a specially permitted area where manufacturing or a similar operation takes place using only foreign goods or some combination of foreign goods and domestic goods.
- Because foreign raw materials can be used in a tax-deferred state, the funding burden of companies can be eased and processing trade is facilitated.

### Chapter 2 • Special Permit for the Installation and Operation of a Bonded Factory

#### Eligible factories

- ① A bonded factory where goods for export are manufactured, processed, repaired, assembled, disassembled, inspected (including quality inspections of raw materials), and packaged among other similar operations. Such goods are made using foreign goods or some combination of foreign goods and domestic goods.
- ② A factory that manufactures and processes goods for importation which is not restricted under Article 185 (5) of the Customs Act

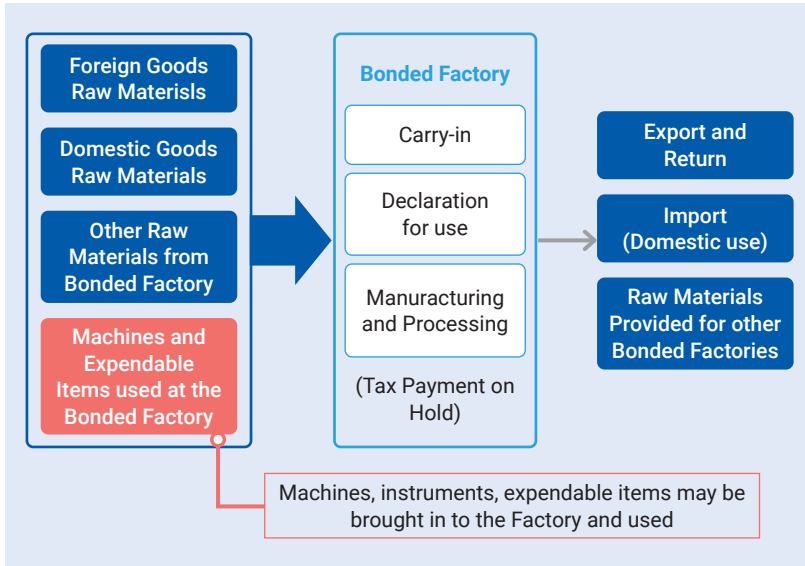
## Denial of special permit

- ① The special permit for the installation and operation of a bonded factory shall be denied in any one of the following cases:
  1. When a person is disqualified as an operator pursuant to Article 175 of the Customs Act
  2. When a person is in arrears with duties and domestic taxes
  3. When, in the case of handling hazardous goods, the operator has failed to obtain the necessary approval or permit from the head of the government agency
- ② In any of the following cases, the special permit for the installation and operation of a bonded factory may be restricted, if the type and nature of the bonded operation leaves no alternative.
  1. When the purpose of the bonded operation is repair works only
  2. When goods are manufactured and/or processed using discarded goods as raw materials
  3. When goods are manufactured and/or processed using agricultural, fishery and livestock produce as raw materials, the loss rate of which tend to be very unstable
  4. When the entire bonded operation relies on outside production

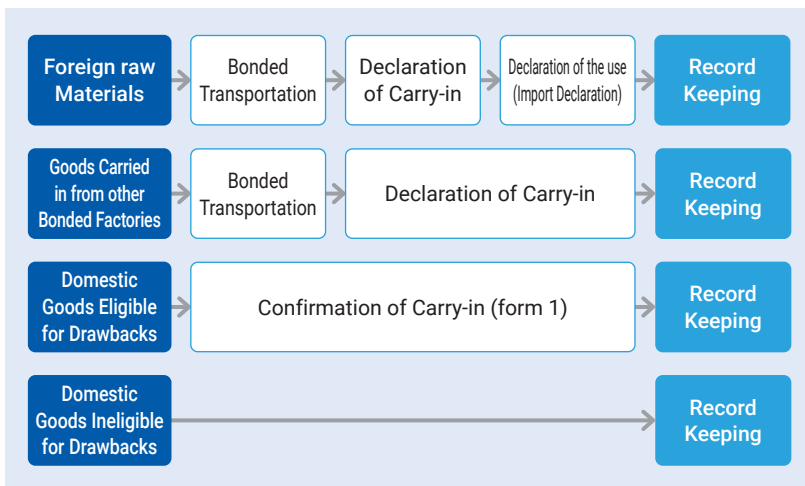


## Chapter 3 • Carry-in/Carry-out Procedure

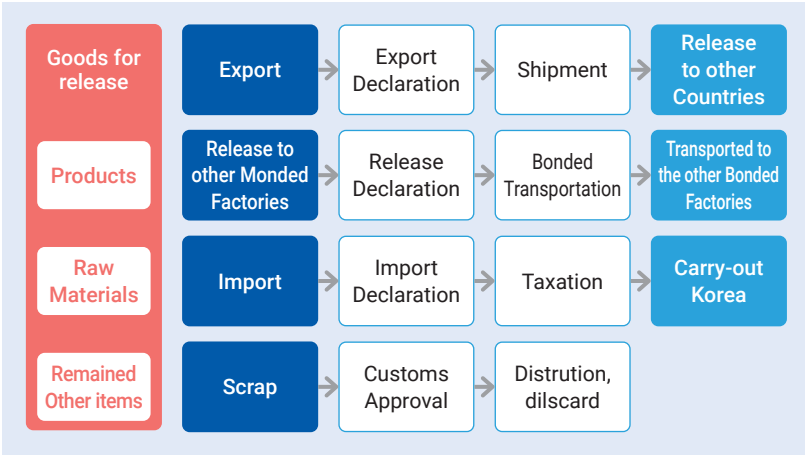
### Customs clearance in bonded factories



### Goods use processes by type of raw material

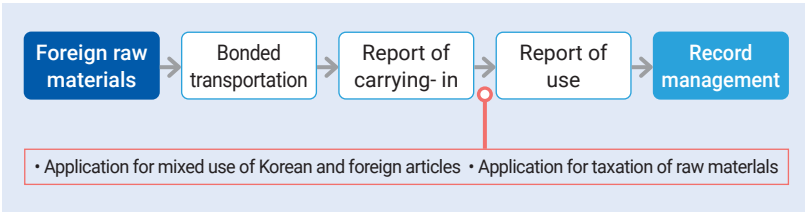


## Goods release process



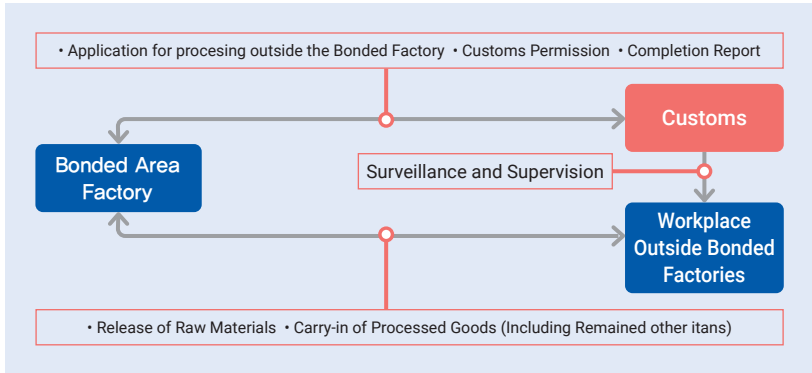
## Time of taxation

- Application for the mixed-use of domestic and foreign goods or taxation on raw materials shall be made before the report of use of raw materials.



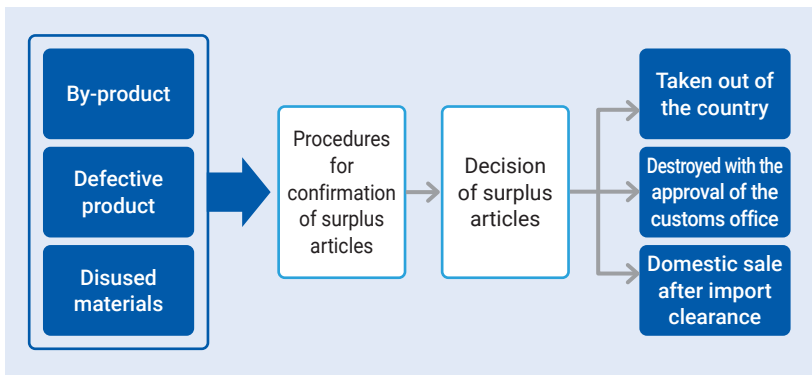
## Operations outside a bonded factory

- Certain parts of bonded processing may be conducted outside of the bonded factory if it is necessary to promote the processing industry or domestic market.



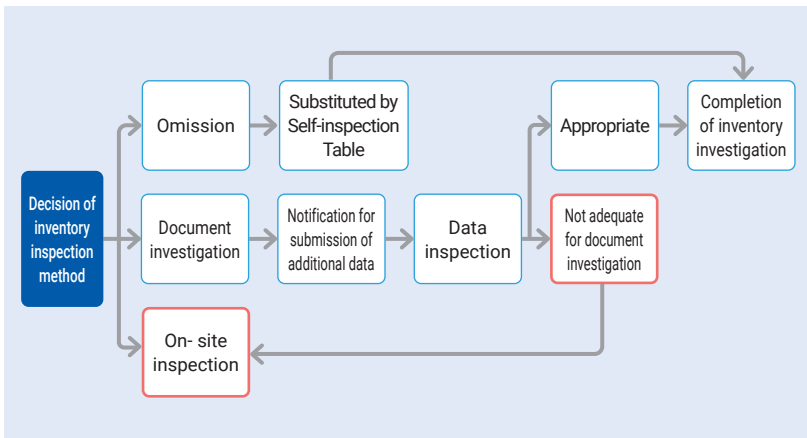
## Procedures for handling surplus goods

- The surplus goods left in the bonded area after working shall be recorded in the "Surplus Goods Management Register" for management purposes. They can be disposed of after obtaining approval of the head of a customs office. If the remainder after the disposal has a real value, customs duty and other applicable taxes will be imposed based on the property and quantity of the goods.



## Requirement amount and inventory management

- The operator shall prepare and keep a statement of calculation of the actual amount of raw materials required for the produced products, conduct self-inspection of the status of inventory management within 15 days from 3 months after the end of the fiscal year and submit a self-inspection table to the head of the customs office.
- The head of the customs office shall decide whether to replace the inventory inspection with document investigation or conduct an on-site investigation after reviewing the submitted self-inspection table.



< For details, refer to the Korea Customs Service website ([www.customs.go.kr](http://www.customs.go.kr)) and the public notice on operation of bonded factories.>

## Chapter 1 • What is a Free Trade Agreement (FTA)?

### Definition

A free trade agreement (FTA) is an agreement between two (or more) countries that gives each country exclusive trade benefits with the other by removing tariffs and trade barriers on the trade of goods and services. Until now, FTAs have been signed by neighboring countries or countries clustered in certain areas, such as the European Union (EU) and the North American Free Trade Agreement (NAFTA) so they are often called regional trade agreements (RTA).

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### Overview

Traditional FTAs and the FTAs between developing countries focused on trade liberalization or tariff reduction in the commodity sector. But since the establishment of the WTO, the scope of an FTA has come to include services, investment liberalization, intellectual property rights, and government procurement and trade relief systems, in addition to removing trade barriers.

## Reasons for the proliferation of FTAs

Along with globalism, regionalism (symbolized by the FTA) has become a distinct and characteristic trend of today's international economy, and has been spreading even faster since the launch of the WTO.










We can site the following reasons for the proliferation of regional FTAs:

1. Multilateral negotiations with WTO countries takes a long time, and due to the surge in the number of member states, reaching an agreement has become difficult.
2. The FTA has emerged as an important reform measure in the trade sector in the sense that it contributes to increased productivity by intensifying competition through the opening up of markets.
3. The inflow of trade and foreign direct investment is the engine of economic growth, and FTAs can attract foreign direct investments.
4. Exclusive reciprocal measures, such as an FTA between specific countries, may offer advantages in terms of practical benefits and are effective in alleviating the burdens and addressing the issues that affect each country.
5. The growth of regionalism is motivating isolated countries to respond by taking countermeasures of their own.

## Chapter 2 • Current Status of FTAs

### FTAs in effect (21 FTAs, 59 countries)

※ As of Jan. 2023

Counterpart	Schedule			Significance
	Commencement of talks	Signed	Effective	
 Chile	Dec. 1999	Feb. 2003	Apr. 1, 2004	First FTA, access to Latin American markets
 Singapore	Jan. 2004	Aug. 2005	Mar. 2, 2006	Access to ASEAN markets
 EFTA (4 countries)	Jan. 2005	Dec. 2005	Sep. 1, 2006	Access to European markets
 ASEAN (10 countries)	Feb. 2005	Aug. 2006 (trade in goods agreement)	Jun. 1, 2007	Second largest trade counterpart
		Nov. 2007 (service agreement)	May 2009 (service agreement)	
		Jun. 2009 (investment agreement)	Sep. 2009 (investment agreement)	
 India	Mar. 2006	Aug. 2009	Jan. 1, 2010	BRICs countries, large markets
 EU (27 countries)	May 2007	Oct. 2010	Jul. 1, 2011 (tentative) Dec. 13, 2015 (all) * Tentatively applied for 4 years 5 months since Jul. 1, 2011	Largest economic bloc in the world
 Peru	Mar. 2009	Mar. 2011	Aug. 1, 2011	Rich in resources, access to Latin American markets
 USA	Jun. 2006	Jun. 2006	Mar. 15, 2012	World's largest economic bloc (based on GDP)
	Jan. 2018 (talks for revision)	Sep. 24, 2018 (talks for revision)	Jan. 1, 2019 (revised protocol)	
 Turkiye	Apr. 2010	Aug. 2012 (Basic & goods trade agreements)	May 1, 2013 (Basic & goods trade agreements)	Access to Europe and Central Asia
		May 25, 2015 (Service & investment agreements)	Aug. 1, 2018 (Service & investment agreements)	


Counterpart	Schedule			Significance
	Commencement of talks	Signed	Effective	
 <b>Australia</b>	May 2009	Apr. 2014	Dec. 12, 2014	Rich in resources, main market in Oceania
 <b>Canada</b>	Jul. 2005	Sep. 22, 2014	Jan. 1, 2015	Advanced north American market
 <b>China</b>	May 2012	Jun.1, 2015	Dec. 20, 2015	Largest trade counterpart
 <b>New Zealand</b>	Jun. 2009	Mar. 23, 2015	Dec. 20, 2015	Main Oceanian market
 <b>Vietnam</b>	Sep. 2012	May. 5, 2015	Dec. 20, 2015	5th largest trade partner (as of 2019)
 <b>Colombia</b>	Dec. 2009	Feb. 21, 2013	Jul. 15, 2016	Rich in resources, emerging Latin American market
 <b>Central America (5 countries)</b>	Jun. 2015	Feb. 21, 2018	Fully in effect on Mar. 1, 2021	Strategic market connecting North and South Americas
 <b>U.K.</b>	Feb. 2017	Aug. 22, 2019	Jan. 1, 2021	Continued trade relations post-Brexit
 <b>RCEP</b>	Nov. 2012	Nov. 25, 2020	Feb. 1, 2022	Economic integration of East Asia
 <b>Israel</b>	May. 2016	May. 12, 2021	Dec. 1, 2022	Model country for start-up growth
 <b>Cambodia</b>	Jul. 2020	Oct. 26, 2021	Dec. 1, 2022	Widened access to the Southeast Asian market
 <b>Indonesia</b>	Feb. 2019	Dec. 18, 2020	Jan. 1, 2023	Widened access to the Southeast Asian market

- **EFTA (4):** Switzerland, Norway, Iceland, Liechtenstein
- **ASEAN (10):** Malaysia, Singapore, Vietnam, Myanmar, Indonesia, the Philippines, Brunei, Laos, Cambodia, Thailand
- **EU (27):** Austria, Belgium, Czech Republic, Republic of Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italia, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Bulgaria, Romania, Croatia
- **Central America (5):** Nicaragua, Honduras, Costa Rica, El Salvador, Panama
- **RCEP (Regional Comprehensive Economic Partnership) (14 countries excluding Korea):** Korea, 10 ASEAN countries, China, Japan, Australia, New Zealand







## Signed/Concluded FTAs 2 FTAs, 2 countries




※ As of Nov. 2023

Counterpart	Progress		Significance
	Start of talks	Status	
 Philippines	Jun. 2019	Start of negotiations	Widened access to the Southeast Asian market
	Jun. 2019 – Jan. 2020	5 rounds of talks held	
	Oct. 26, 2021	Concluded	
 Ecuador	Aug. 2015	Start of negotiations	Rich in resources, gateway to the Latin American market
	Jan. 2016 – Apr. 2023	9 rounds of talks held	
	Oct. 11, 2023	Concluded	

## FTAs under negotiation (9)

※ As of Nov. 2023



Counterpart	Schedule		Significance
	Commencement of talks	Progress	
 Korea, China, Japan	Nov. 20, 2021	Announced start of talks	Established economic integration in Northeast Asia
	Mar. 2013 - Nov. 2019	Held 16 formal talks	
 MERCOSUR (4 countries)	May. 2018	Announced start of talks	Largest Latin American market
	Sept. 2018 - Aug. 2021	Held 7 formal talks * With 4 countries, excluding Venezuela	
 Russia	Jun. 2019	Announced start of Korea-Russia service investment FTA talks	New Northern policy, new emerging market
	Jun. 2019 - Jul. 2020	5 rounds of talks held	
 Malaysia	Jun. 2019	Announced the start of talks	Widened access to Southeast Asian markets
	Jul. 2019 - Sep. 2019	3 rounds of talks held	

Counterpart	Schedule		Significance
	Commencement of talks	Progress	
 Korea-ASEAN further liberalization	Oct. 2010 - Jul. 2021	18 working committee meetings held	Trade expansion, reflection of change in trade environment
 Korea-India CEPA upgrade	Oct. 2016 - Jun. 2019	8 improvement talks held	Enhanced standards on concession and country of origin of key export items
 Korea-Chile FTA upgrade	Nov. 2018 - Oct. 2021	6 improvement talks held	Reflection of change in trade environment
 Korea-China FTA: talks for service investment	Mar. 2018 - Oct. 2020	9 follow-up meetings held	No.1 service business exporter
 Uzbekistan STEP	Jan. 2021	Announced start of talks	Largest market in Central Asia
	Apr. 2021 - Nov. 2021	2 rounds of talks held	

■ **MERCOSUR:** Brazil, Argentina, Paraguay, Uruguay (Venezuela not included)

## Resumed FTA talks and FTA consensus building (2)

※ As of Feb. 2022

Counterpart	Schedule		Significance
	Start of talks		
 PA (4 countries)	May 2018		Emerging Latin American market
	Sep. 2019		
 EAEU (5 countries)	Oct. 2016 – Apr. 2017		Foothold for New Northern Policy
	Sep. 2017		

■ **PA (Pacific Alliance):** Mexico, Chile, Peru, Columbia

■ **EAEU (Eurasian Economic Union):** Russia, Kazakhstan, Belarus, Kyrgyzstan, Armenia

## Chapter 3 • Rules of Origin

### Types of rules of origin

		Wholly obtained criterion		
General criteria	Substantial transformation criteria	Sole	Tariff shift criterion	CC
				CTH
				CTSH
		Value contents criterion	RVC	Build-up method
				Build-down method
				Net cost method
		MC		
	Process operation criterion	Cutting, sewing, printing, dyeing		
	Optional	<b>'Or' conditions</b> •Tariff shift criterion 'or' value contents criterion •Tariff shift criterion 'or' (tariff shift criterion and value contents criterion) •(Tariff shift criterion and process operation criterion) 'or' process operation criterion •Value contents criterion 'or' process operation criterion •Tariff shift criterion 'or' (value contents criterion and process operation criterion)		
		Combinatio	<b>'And' conditions</b> •Tariff shift criterion 'and' value contents criterion •Tariff shift criterion 'and' process operation criterion	
Supplementary criteria	De minimis			
	Accumulation	Material		
		Product		
		Process		
	Intermediate materials			
	Indirect materials	Tools, die, equipment, fuel, catalyst		
	Price of materials	Price of originating materials		
		Price of non-originating materials		
	Tools, accessories			
	Containers, packages			
	Fungible goods	Specific identification method		
		First-in-first-out method		
		Last-in-first-out method		
		Weighted average method		
	Non-qualifying operations (sufficient processing principle)			
	Principle of direct transportation			
Outward processing				

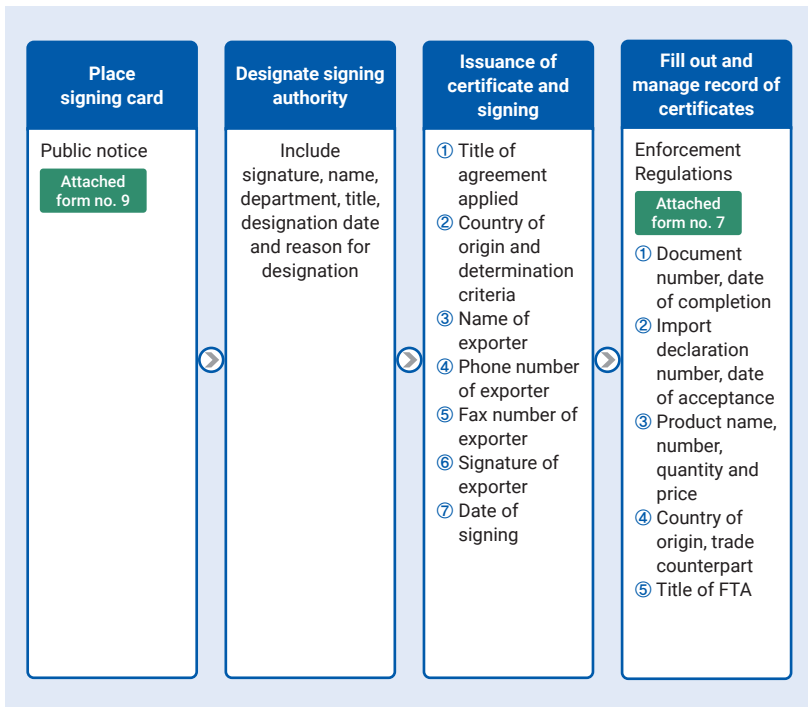
## Chapter 4 • Issuance of Certificate of Origin

### What is a certificate of origin?

- ① A certificate of origin is a document that certifies that a specific country is the place of production of the goods for which the certificate has been issued.
- ② Documents proving that exported goods have been grown, bred, manufactured and processed in South Korea.

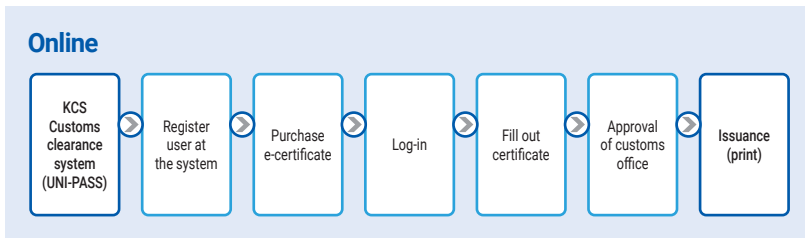
### Procedure for issuing a South Korean certificate of origin

- ① Self-issuance

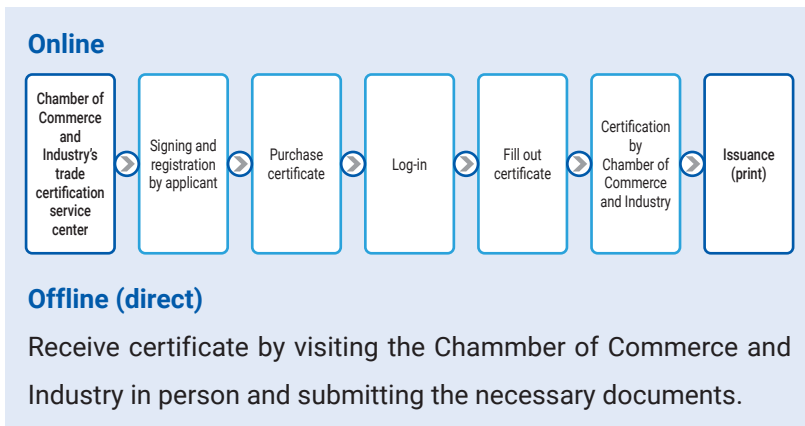


## ② Issuance by the authorities

### - Customs office issuance



### - Issuance by the Korea Chamber of Commerce and Industry



## Chapter 5 • Approved Exporter Program

### What is the country of origin approved exporter program?

This is a system established by the customs office to grant the right to issue a certificate of origin (e.g., Korea-EU FTA, Korea-UK FTA) to an exporter who is judged to have the capability to certify the country of origin for its goods. If this does not work out, the system can provide exporters with the benefits of a simplified document attachment function.

### Types of certified exporters and certification period

Classification	Approved exporter by company	Approved exporter by item
Application of benefits	All agreements, all items	Approved agreements, HS 6-digit
Effective period of certification	5 yrs	5 yrs
Certification period	Head customs offices (Seoul, Busan, Incheon, Daegu, Gwangju) and Pyeongtaek customs office	
Certification standards	Counterpart country's ability to prove country of origin and level of compliance with regulations	Ability to prove country of origin and level of compliance with regulations – for each HS 6-digit

## FTA benefits for certified exporters

Agreement	Before approval	After approval
<b>Korea-EU</b> <b>Korea-UK</b>	<ul style="list-style-type: none"> <li>• Only for exported goods worth 6,000 euros or less</li> <li>- Certificate of origin can be filled out</li> </ul>	<ul style="list-style-type: none"> <li>• When exporting goods worth over 6,000 euros, approved exporters can be issued a certificate of origin</li> </ul>
<b>Korea-ASEAN</b> <b>Korea-Singapore</b> <b>Korea-India</b> <b>Korea-China</b> <b>Korea-Vietnam</b>	<ul style="list-style-type: none"> <li>• Fill out application for issuance of certificate of origin (apply electronically)</li> <li>• Documents required                             <ul style="list-style-type: none"> <li>- Copy of certificate of export declaration</li> <li>- Certificate of country of origin (where manufacturer and exporter are different)</li> <li>- Other documents certifying country of origin</li> </ul> </li> <li>• Local verification (if necessary)</li> </ul>	<ul style="list-style-type: none"> <li>• Fill out application for issuance of certificate of origin (apply electronically)</li> <li>• Submission of additional documents may be omitted</li> <li>• Local verification can be omitted</li> </ul>
<b>Korea-EFTA</b>	<ul style="list-style-type: none"> <li>• Self-issued certificate of country of origin (when declaring invoice), requires exporter's signature (electronic documents not permitted)</li> </ul>	<ul style="list-style-type: none"> <li>• Self-issued certificate of country of origin (when declaring invoice), exporter's signature can be omitted (electronic documents permitted)</li> </ul>
<b>RCEP</b> <b>Korea-Cambodia</b>	-	<ul style="list-style-type: none"> <li>• Granting of authority to self-issue certificate of origin</li> <li>• For certificate of country of origin issued by authorities, documents to be attached can be omitted</li> </ul>
<b>Korea-Israel</b>	<ul style="list-style-type: none"> <li>• A certificate of country of origin can be filled out for export goods worth not over USD 1,000</li> </ul>	<ul style="list-style-type: none"> <li>• When exporting goods worth over USD 1,000, certified exporters are permitted self-issuance</li> <li>• For certificate of country of origin issued by authorities, documents to be attached can be omitted</li> </ul>
<b>Others</b>	Not applicable	

\* Status of operation of certified exporters (Korea, China, Japan, Australia, Singapore, Thailand), as of Jan. 31, 2022

## Chapter 6 • Declaration of Origin

### What is the declaration of origin?

- ① This is a document prepared by a party that produces or supplies materials or final goods used in the production of exported goods, at the request of a producer or exporter. The document identifies the country of origin of such materials or final goods and is provided to the producer or exporter.
- ② In the case of producers of materials or final goods that are continuously and repeatedly supplied to the same producer or exporter for a long period of time, the declaration of origin can be used repeatedly as the comprehensive country of origin certificate for a maximum of 12 months starting from the time the declaration of origin is first created.

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### Purpose

The purpose of the declaration of origin is to reduce the burden of proving the origins of exported products and to expedite the process of certifying their origins by developing a procedure for verifying the origins of the materials and final products supplied by South Korea.

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### Who prepares the document?

The declaration of origin is not prepared directly by the exporter, but by the company that produces or supplies the raw materials or parts of the goods in question. The company determines whether the materials are domestic or offshore using the country of origin criteria set forth in each FTA and then fills in the form.



## Distribution route

- ① The exporter requests the producer of the supplied materials or final goods to provide him or her with a declaration of origin. With this certificate, the exporter applies for a copy of the certificate of origin.
- ② The requested producer shall confirm the checkpoints for the country of origin verification in the relevant FTA and then prepare a declaration of origin and issue it to the exporter.

## Chapter 7 • Country of Origin Verification

### Importance of country of origin verification

- ① (Narrow definition) The country of origin confirmation is a series of administrative procedures for checking whether the country of origin requirements (checkpoints for country of origin confirmation, documents that prove the country of origin, etc.) set forth in an agreement or the relevant domestic laws have been met and for imposing sanctions for violations.
- ② (Broad definition) The country of origin confirmation is a series of measures for checking whether all of the preferential requirements (trade partners, tax rate, shipping routes, application procedures, etc.) set forth in an agreement or the relevant domestic laws have been met and for identifying the misleading labeling of goods, in addition to the country of origin confirmation, and for implementing any necessary measures.
- ③ The process of investigating domestic importers, domestic exporters, domestic producers, agencies that issue country of origin certificates, exports and producers in FTA partner countries

for the purpose of confirming the appropriateness of preferential FTA tariffs and checking the country of origin of exported/imported goods.

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### **Purposes of country of origin verification**

- ① Prevention of unfair trade practices
  - ② Protection of domestic industries through the prevention of import/export through a third country
  - ③ Increase of tax revenues by preventing tax evasion
  - ④ Promotion of trade and investment between the countries that are parties to the agreement
  - ⑤ Management of the implementation of the FTA by carrying out the confirmation requests of other countries
- 

### **Method of country of origin verification**

- ① The confirmation of exported goods and that of imported goods are separately implemented. The country of origin confirmation procedure unique to each FTA is adopted.
- ② Different method of confirmation based on the subject of confirmation
  1. Direct confirmation (US): The customs office of the importing country directly verifies the overseas exporter.
  2. Indirect confirmation (EU): At the behest of the importing country, the customs office of the exporting country verifies its exporter. The customs office of the importing country may participate as an observer.
  3. Combination of direct/indirect confirmation (Asia)

< For details, refer to the Korea Customs Service FTA portal ([www.customs.go.kr/](http://www.customs.go.kr/)) >

# VII

## Customs Duty Consulting

### Consulting on custom duties via the customer support center of the Korea Customs Service

provides a 'one-call, total service' on all areas related to the administration of customs duties (import/export clearance, FTAs, goods classification system, assessment and reduction/exemption of duties, customs clearance of express cargo and personal items, bonded goods, refunds, etc.).

#### Consulting by phone

- ① Dial 125 without the area code  
(82-2-3438-5199 if calling from overseas)
- ② Call 125 and press 10 to report suspected or actual cases of smuggling, press 20 to seek advice on customs duties, 30 to report corruption by customs officials, and 40 to report the hidden assets of persons with tax arrears
- ③ The service is available from 9 AM to 6 PM on weekdays (closed on public holidays, Saturdays, and Sundays). If you request consulting at nighttime and on holidays, leave your number and our consultant will contact you the next day.

#### Online consulting service

- ① Online consulting service can be accessed simply by signing up for consulting at the Internet Consulting Corner at the Korea Customs Service's customer support center website (<https://www.customs.go.kr/call/main.do>).

- ② You can also search frequently asked questions in order to find answers to similar issues by visiting the Q&A and FAQ sections on the website.

### **Walk-in consulting**

Consulting is available for persons who visit the Customer Support Center in Gwacheon after reserving a time slot by phone.

(82-2-3438-5113).

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### **Consulting on FTAs through the Korea International Trade Association**

In order to provide systematic support for SMEs, six ministries handling FTA matters and nine support institutions in the public and private sectors provide all-round support (FTA call center: 1380)

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