

KOTRA자료 20-001 **REPUBLIC OF AFGHANISTAN** **ALBANIA** **REPUBLIC OF ALBANIA** **ALGERIA** **PEOPLE'S DEMOCRATIC**
REPUBLIC OF ALGERIA **ANDORRA** **PRINCIPALITY OF ANDORRA** **ANGOLA** **REPUBLIC OF ANGOLA** **ANTIGUA AND BARBUDA**
ARGENTINA **ARGENTINE REPUBLIC** **ARMENIA** **REPUBLIC OF ARMENIA** **AUSTRALIA** **COMMONWEALTH OF AUSTRALIA** **AUSTRIA**
REPUBLIC OF AUSTRIA **AZERBAIJAN** **REPUBLIC OF AZERBAIJAN** **BAHAMAS, THE** **COMMONWEALTH OF THE BAHAMAS**
BAHRAIN **KINGDOM OF BAHRAIN** **BANGLADESH** **PEOPLE'S REPUBLIC OF BANGLADESH** **BARBADOS** **BELARUS** **REPUBLIC OF**
BELARUS **BELGIUM** **KINGDOM OF BELGIUM** **BELIZE** **BENIN** **REPUBLIC OF BENIN** **BHUTAN** **KINGDOM OF BHUTAN** **BOLIVIA**
PLURINATIONAL STATE OF BOLIVIA **BOSNIA AND HERZEGOVINA** **BOTSWANA** **REPUBLIC OF BOTSWANA** **BRAZIL** **FEDERATIVE**
REPUBLIC OF BRAZIL **BRUNEI** **NATION OF BRUNEI, THE ABODE OF PEACE** **BULGARIA** **REPUBLIC OF BULGARIA** **BURKINA FASO**
BURUNDI **REPUBLIC OF BURUNDI** **CAMBODIA** **KINGDOM OF CAMBODIA** **CAMEROON** **REPUBLIC OF CAMEROON** **CANADA**
CAPE VERDE **REPUBLIC OF CABO VERDE** **CENTRAL AFRICAN REPUBLIC** **CHAD** **REPUBLIC OF CHAD** **CHILE** **REPUBLIC OF**
CHILE **CHINA** **PEOPLE'S REPUBLIC OF CHINA** **COLOMBIA** **REPUBLIC OF COLOMBIA** **COMOROS** **UNION OF THE COMOROS**
CONGO, DEMOCRATIC REPUBLIC OF THE **COSTA RICA** **REPUBLIC OF COSTA RICA** **CROATIA** **REPUBLIC OF CROATIA** **CUBA**
REPUBLIC OF CUBA **CYPRUS** **REPUBLIC OF CYPRUS** **DJIBOUTI** **REPUBLIC OF DJIBOUTI** **CZECH REPUBLIC** **DENMARK**
KINGDOM OF DENMARK **DOMINICA** **COMMONWEALTH OF DOMINICA** **DOMINICAN REPUBLIC** **EAST TIMOR** **DEMOCRATIC**
REPUBLIC OF TIMOR-LESTE **ECUADOR** **REPUBLIC OF ECUADOR** **EGYPT** **ARAB REPUBLIC OF EGYPT** **EL SALVADOR** **REPUBLIC**
OF EL SALVADOR **EQUATORIAL GUINEA** **REPUBLIC OF EQUATORIAL GUINEA** **ERITREA** **STATE OF ERITREA** **ESTONIA** **REPUBLIC**
OF ESTONIA **ESWATINI** **KINGDOM OF ESWATINI** **ETHIOPIA** **FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA** **FIJI** **REPUBLIC OF**
FIJI **FINLAND** **REPUBLIC OF FINLAND** **FRANCE** **FRENCH REPUBLIC** **GABON** **GABONESE REPUBLIC** **GAMBIA, THE** **REPUBLIC OF**
THE GAMBIA **GEORGIA** **GERMANY** **FEDERAL REPUBLIC OF GERMANY** **GHANA** **REPUBLIC OF GHANA** **GREECE** **HELLENIC**
REPUBLIC **GRENADA** **GUATEMALA** **REPUBLIC OF GUATEMALA** **GUINEA** **REPUBLIC OF GUINEA** **GUINEA-BISSAU** **REPUBLIC OF**
GUINEA-BISSAU **GUYANA** **CO-OPERATIVE REPUBLIC OF GUYANA** **HAITI** **REPUBLIC OF HAITI** **HONDURAS** **REPUBLIC OF HONDU-**
RAS **HUNGARY** **ICELAND** **INDIA** **REPUBLIC OF INDIA** **INDONES**
IRAQ **REPUBLIC OF IRAQ** **IRELAND** **ISRAEL** **STATE OF ISRAEL** **D'IVOIRE** **JAMAICA** **JAPAN** **JORDAN** **HASHEMITE KINGDOM OF**
REPUBLIC OF KENYA **KIRIBATI** **REPUBLIC OF KIRIBATI** **KOREA, I**
SOUTH **REPUBLIC OF KOREA** **KUWAIT** **STATE OF KUWAIT** **KYRG**
REPUBLIC **LATVIA** **REPUBLIC OF LATVIA** **LEBANON** **LEBANESE R**
LIC OF LIBERIA **LIBYA** **STATE OF LIBYA** **LIECHTENSTEIN** **PRINCI**
NIA **LUXEMBOURG** **GRAND DUCHY OF LUXEMBOURG** **MADAGASCAR** **REPUBLIC OF MADAGASCAR** **MALAWI** **REPUBLIC OF**
MALAWI **MALAYSIA** **MALDIVES** **REPUBLIC OF MALDIVES** **MALI** **REPUBLIC OF MALI** **MALTA** **REPUBLIC OF MALTA** **MARSHALL**
ISLANDS **REPUBLIC OF THE MARSHALL ISLANDS** **MAURITANIA** **ISLAMIC REPUBLIC OF MAURITANIA** **MAURITIUS** **REPUBLIC OF**
MAURITIUS **MEXICO** **UNITED MEXICAN STATES** **FEDERATED STATES OF MICRONESIA** **MOLDOVA** **REPUBLIC OF MOLDOVA**
MONACO **PRINCIPALITY OF MONACO** **MONGOLIA** **MONTENEGRO** **MOROCCO** **KINGDOM OF MOROCCO** **MOZAMBIQUE**
REPUBLIC OF MOZAMBIQUE **MYANMAR** **REPUBLIC OF THE UNION OF MYANMAR** **NAMIBIA** **REPUBLIC OF NAMIBIA** **NAURU**
REPUBLIC OF NAURU **NEPAL** **FEDERAL DEMOCRATIC REPUBLIC OF NEPAL** **NETHERLANDS** **KINGDOM OF THE NETHERLANDS**
NEW ZEALAND **NICARAGUA** **REPUBLIC OF NICARAGUA** **NIGER** **REPUBLIC OF NIGER** **NIGERIA** **FEDERAL REPUBLIC OF NIGERIA**
NORTH MACEDONIA **REPUBLIC OF NORTH MACEDONIA** **NORWAY** **KINGDOM OF NORWAY** **OMAN** **SULTANATE OF OMAN** **PAKI-**
STAN **ISLAMIC REPUBLIC OF PAKISTAN** **PALAU** **REPUBLIC OF PALAU** **PALESTINE** **STATE OF PALESTINE** **PANAMA** **REPUBLIC OF**
PANAMA **PAPUA NEW GUINEA** **INDEPENDENT STATE OF PAPUA NEW GUINEA** **PARAGUAY** **REPUBLIC OF PARAGUAY** **PERU**
REPUBLIC OF PERU **PHILIPPINES** **REPUBLIC OF THE PHILIPPINES** **POLAND** **REPUBLIC OF POLAND** **PORTUGAL** **PORTUGUESE**
REPUBLIC **QATAR** **STATE OF QATAR** **ROMANIA** **RUSSIA** **RUSSIAN FEDERATION** **RWANDA** **REPUBLIC OF RWANDA** **SAINT KITTS**
AND NEVIS **FEDERATION OF SAINT CHRISTOPHER AND NEVIS** **SAINT LUCIA** **SAINT VINCENT AND THE GRENADINES** **SAMOA**
INDEPENDENT STATE OF SAMOA **SAN MARINO** **REPUBLIC OF SAN MARINO** **SÃO TOMÉ AND PRÍNCIPE** **DEMOCRATIC REPUBLIC**
OF SÃO TOMÉ AND PRÍNCIPE **SAUDI ARABIA** **KINGDOM OF SAUDI ARABIA** **SENEGAL** **REPUBLIC OF SENEGAL** **SERBIA** **REPUBLIC**
OF SERBIA **SEYCHELLES** **REPUBLIC OF SEYCHELLES** **SIERRA LEONE** **REPUBLIC OF SIERRA LEONE** **SINGAPORE** **REPUBLIC OF**
SINGAPORE **SLOVAKIA** **SLOVAK REPUBLIC** **SLOVENIA** **REPUBLIC OF SLOVENIA** **SOLOMON ISLANDS** **SOMALIA** **FEDERAL**
REPUBLIC OF SOMALIA **SOUTH AFRICA** **REPUBLIC OF SOUTH AFRICA** **SOUTH SUDAN** **REPUBLIC OF SOUTH SUDAN** **SPAIN**
KINGDOM OF SPAIN **SRI LANKA** **DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA** **SUDAN** **REPUBLIC OF THE SUDAN** **SURINA-**
ME **REPUBLIC OF SURINAME** **SWEDEN** **KINGDOM OF SWEDEN** **SWITZERLAND** **SWISS CONFEDERATION** **SYRIA** **SYRIAN ARAB**
REPUBLIC **TAJIKISTAN** **REPUBLIC OF TAJIKISTAN** **TANZANIA** **UNITED REPUBLIC OF TANZANIA** **THAILAND** **KINGDOM OF**
THAILAND **TOGO** **TOGOLESE REPUBLIC** **TONGA** **KINGDOM OF TONGA** **TRINIDAD AND TOBAGO** **REPUBLIC OF TRINIDAD AND**
TOBAGO **TUNISIA** **REPUBLIC OF TUNISIA** **TURKEY** **REPUBLIC OF TURKEY** **TURKMENISTAN** **REPUBLIC OF TURKMENISTAN**
TUVALU **UGANDA** **REPUBLIC OF UGANDA** **UKRAINE** **UNITED ARAB EMIRATES** **UNITED KINGDOM** **UNITED KINGDOM OF**
GREAT BRITAIN AND NORTHERN IRELAND **UNITED STATES** **UNITED STATES OF AMERICA** **URUGUAY** **ORIENTAL REPUBLIC OF**
URUGUAY **UZBEKISTAN** **REPUBLIC OF UZBEKISTAN** **VANUATU** **REPUBLIC OF VANUATU** **VATICAN CITY** **VATICAN CITY STATE**

BUSINESS in KOREA

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BUSINESS in KOREA



MINISTER MESSAGE



Ministry of Trade,
Industry and Energy



Minister of Trade,
Industry and Energy

Dr. Sung Yun-Mo

Greetings from the Minister of Trade, Industry and Energy

Foreign investment has long played an indispensable role in Korea's economic growth, paving the way for Korea to emerge as the 12th largest economy in the world. As valuable partners of our economy, foreign-invested companies now account for 19 percent of our exports and 7 percent of employment nationwide. The Korean government makes no distinction between foreign companies invested in Korea and domestic companies, given the contribution of both to the national economy. As such, foreign-invested companies can always count on the full support of the Korean government.

Amid the growing importance of cross-border investment as a means of responding to the rapidly changing global economic environment, namely the onset of the Fourth Industrial Revolution and the spread of global protectionism, Korea boasts a large array of strengths as a competitive investment destination.

To begin with, Korea possesses a solid economic foundation and attractive investment environment, with international credit rating agencies maintaining Korea's sovereign credit rating at an all-time high level. Over the past 6 years, the World Bank has included Korea as among the top 5 countries in the world in its ease of doing business index. Moreover, Korea is situated at the center of an FTA network that encompasses 77% of the global market.

Secondly, as a country in which no efforts are spared to realize new technologies and innovation, Korea is second to none. Korea boasts an excellent manufacturing base—including semiconductors, automobiles and shipbuilding—and a world-class ICT infrastructure which enabled the world's first commercialization of 5G technology. The Korean government is also promoting investment as a means of responding to future changes and facilitating innovative growth, particularly in key emerging industries such as system semiconductors, future mobility and bio-technology.

Last but not least, the Korean government is continuing to provide support for the growth of foreign-invested companies. In addition to first-rate incentives such as cash grants and support for land leases, we are striving to improve the overall quality of life for foreign investors in Korea by streamlining visa issuance processes and establishing more international schools.

I look forward to welcoming you to Korea, the ideal investment destination for realizing your vision.

Minister of Trade, Industry and Energy



kotra

Korea Trade-Investment
Promotion Agency

CEO of KOTRA
Dr. Kwon Pyung-Oh



CEO MESSAGE

CEO MESSAGE

A bright New Year is upon us! To all of the global companies and entrepreneurs currently doing business in Korea and to those planning on doing so in the future, I wish you good health and success in 2020! Despite last year recording the lowest level of cross-border investment since the 2008 financial crisis due to a slowdown in global economic growth, an increase in regional antagonism, and the spread of trade disputes, Korea attracted USD22 billion in foreign investment in 2019. Korea's success in attracting over USD20 billion in FDI for five consecutive years proves is in great part due to the high level of appreciation for Korea's capabilities and her potential among multinational companies.

Korea, the world's first country to commercialize 5G telecommunication service and No. 1 in the Bloomberg Innovation Index for the past six years, represents an attractive investment market as we enter the era of the fourth industrial revolution. Looking ahead, KOTRA will continue to promote foreign investment in industries related to digital transformation including big data and artificial intelligence. Based on Korea's advantages for foreign investment among which include continuous regulatory improvement, cash grants, and a vast network of FTAs making the country part of the world's third largest economic region, KOTRA is taking a proactive attitude to expand the global supply chain and create quality jobs.

The publication, Business in Korea 2020, has been made thanks to the efforts and participation of experts from the foreign chambers of commerce in Korea with the goal of providing a step-by-step overview of foreign investment-related procedures in Korea, detailed information and clear responses to frequently asked questions, and statistical data and diagrams which paint a balanced and thorough picture of Korea's foreign investment environment.

It is my hope that Business in Korea 2020, which is being published in Korean, English, Chinese, and Japanese, will become the go-to guide book to foreign investment in Korea for business people around the world.

CEO of KOTRA



CORPORATE BUSINESS

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CORPORATE BUSINESS

When foreign business invest in Korea,
they are “our companies” that join our economic development.
Your success is synonymous with Korean Economy’s progress.
We are in the same boat bounded by a shared destiny.

- Opening Remarks by President Moon Jae-In at “Dialogue with Foreign-Invested Companies”, Mar. 2019 -



ATTRACTIVENESS



Foreign Direct Investment Promotion Policy

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 environment in Korea.

Liberalization of FDI

The Republic of Korea is a country which welcomes foreign direct investment and has implemented a support-focused foreign investment promotion policy. Thus, foreign investors and foreign-invested companies may conduct business in Korea without restraint, except as otherwise prescribed by law.

Restricted Business Categories

Out of a total of 1,196 business categories listed under the Korean Standard Industrial Classification (KSIC), FDI in Korea is permitted in 1,135 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 29 categories and there are three prohibited business categories - nuclear power generation, radio broadcasting, and television broadcasting.

Korea's FDI liberalization rate : 99.7% (percentage of permitted business categories excluding prohibited ones)



Number of
total business
categories
1,196

Korea's FDI
liberalization rate
99.7%

Permitted Business Categories

(Unit: the number)

Total	Restricted (Investment ratio, etc.)		Unrestricted (Liberalization)
	Prohibited	Restricted	
1,135	3	26	1,106

※ Related law : Regulations on Foreign Investment (Public Notice no. 2018-137 of the Ministry of Trade, Industry and Energy)

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 transactions, 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, such measures shall not apply to foreign investment

※ Related law : Article 6 (4) of the Foreign Exchange Transaction 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 and 30 (1) of the Foreign Investment Promotion Act

FDI Incentives

1. Role 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 increasing economic growth. Korea seeks to improve the domestic industry 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 offering high value-added business and job creation effects. These incentives serve as a catalyst for foreign direct investment.

In Detail

Reorganization of Korea's FDI Incentive Policy

Employment-friendly companies will have higher priority in regard to the reorganization of incentive support criteria including those related to job creation. 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 on-demand 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. 2019]

A proposal is pending with the Patent Subcommittee at the Ministry of Trade, Industry and Energy regarding the recognition of foreign direct investment for the part of the investment amount equal to the ratio of foreign investment when a foreign-invested company reinvests in a new or additional factory with its unappropriated surplus.

[Ministry of Trade, Industry and Energy, Sep. 2019]

* Revisions of relevant laws may change the visa screening guidelines.

3. Overview of FDI Incentives

① Tax Reduction and Exemption

Foreign-invested companies operating in new growth engine industries with technology essential for the improvement of domestic industry and international competitiveness, or those located in a Foreign Investment Zone, will receive a tax exemption on customs duties and local tax. In addition, foreign engineers and employees acknowledged by the related law will receive an exemption on income tax.

② Cash Grant

Foreign-invested companies which operate in officially recognized new growth engine industries or the material and components industry, create a certain number of jobs, or make an investment in an R&D facility in a new growth engine industry are eligible to receive a cash grant depending on its purpose as accorded in the relevant regulations.

③ Industrial Site Support

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 exemptions, and location support, among other incentives.

④ Additional Incentives

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

According to

the Doing Business Report released annually by the World Bank, Korea has maintained the world's 5th highest rank every year since 2014. Korea is also ranked 4th in the 2018 Index of Economic Freedom. Korea's sovereign credit rating from the world's top 3 credit rating agencies (Moody's, S&P, Fitch) is higher than that of China and Japan. Korea has received an Aa2 rating from Moody's and an AA from S&P.

Meanwhile, Korea has been ranked no. 1 in Bloomberg's most innovative economy ranking in 2019 and stands ready to become a leading country in innovative industries based on the world's first commercialization of 5G, its world-class talent pool, and high R&D investment to GDP ratio. In addition, Korea is well-positioned as a global test bed that is home to companies which have turned their household goods, IT devices, fashion, movies, and K-pop into global trends, as well as to Korean consumers who are very careful in their choices.

Korea is strategically located between China and Japan, which offers geographical benefit thanks to easy access to both countries. Moreover, Korea has signed free trade agreements with 55 countries, which enables foreign investors to utilize fully the world's 3rd biggest FTA network. Foreign investors can also target the world's 5th largest e-commerce market and the 14th largest domestic market with 50 million Internet savvy consumers.



Strengths of the Korean Market

Overview

1. Business Friendly Investment Environment

The World Bank's annual Doing Business Report has ranked Korea the world's 5th best business environment for six years in a row since 2014. Korea enacted the Foreign Investment Promotion Act in 1998 to establish an institutional framework for protecting foreign investors and have since promoted a foreign investment-friendly business environment.

How Korea ranks as a business-friendly investment environment

Year	2014	2015	2016	2017	2018
Ranking	5	4	5	4	5

World Bank Group "Doing Business 2019 Report"

2. Index of Economic Freedom

Korea ranked 29th out of 180 countries in the Index of Economic Freedom (2019), which represents how free and convenient a country is in regard to producing, distributing, and consuming goods and services from individuals and companies. This ranking places Korea higher than other developed countries including Japan, France, and Belgium, just to name a few.

In particular, Korea ranked 4th in terms of business freedom, which means that Korea guarantees high autonomy in regard to business management.

Ranking in Business Freedom in 2019 for 180 countries

Ranking	1	2	3	4	5	6	7	8
Country	Hong Kong	Taiwan	United Kingdom	Republic of Korea	New Zealand	Singapore	Denmark	Finland
Index	96.4	93.2	92.9	91.3	91.0	90.8	90.7	89.4

The Heritage Foundation (Jan. 2019) "2019 Index of Economic Freedom"

3. Economic Indicators

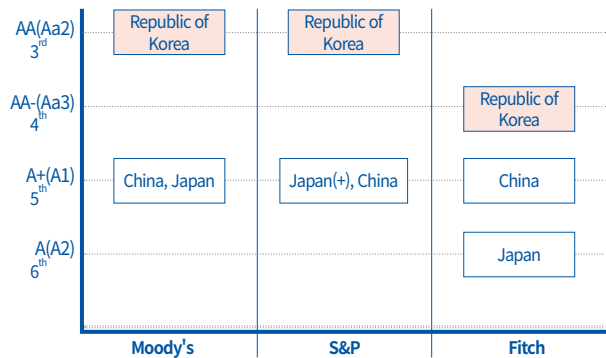
As of 2018, Korea's GDP is the world's 12th highest with USD 1.6 trillion, while its trade volume is ranked 9th with USD 1 trillion. Korea's foreign exchange reserves are also the 9th largest in the world at USD 403.7 billion.

Major Economic Indicators (Unit : USD)					
	2014	2015	2016	2017	2018
GDP (billion)	1,411	1,383	1,415	1,531	1,619
GDP per capita	27,805	27,097	27,607	29,744	31,370
Trade volume (billion)	1,098	963	902	1,052	1,140
Foreign exchange reserves (billion)	363.6	367.9	371.1	389.3	403.7

4. Sovereign Credit Rating

Korea's sovereign credit rating stands at AA (S&P) and Aa2 (Moody's), a level considered as being on equal footing with the United Kingdom and France, and AA- (Fitch), the same as Taiwan and Belgium. As is shown in the table below, Korea's rating in the first half of 2019 was the highest in Northeast Asia, ranking higher than Japan and China.

Comparison of Sovereign Credit Ratings between Korea, China, and Japan



Ministry of Economy and Finance * () : Moody's rating (Jun. 2019)

Innovation Capacity

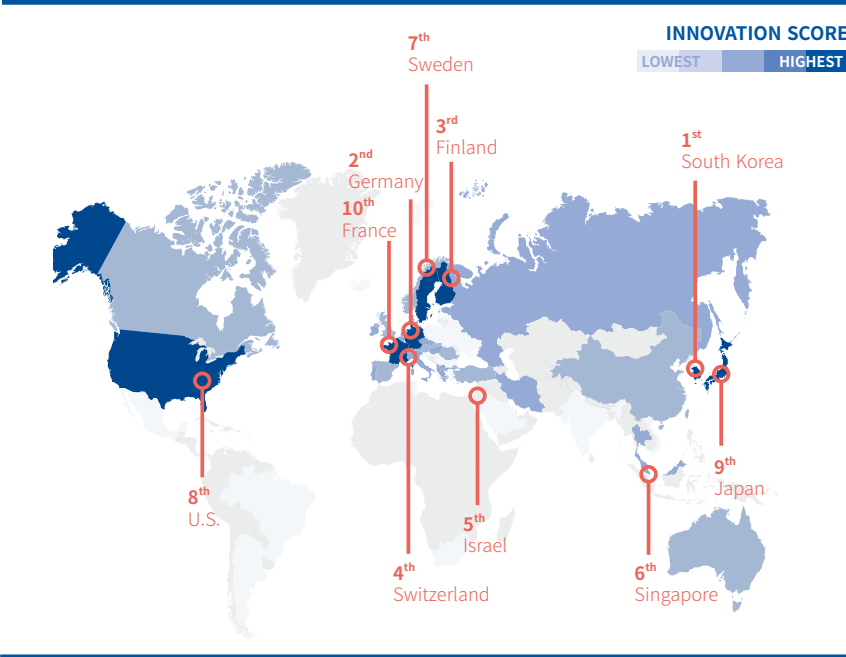
Korea ranked ahead of Germany as the world's most innovative country in the 2019 Bloomberg Innovation Index. The country has maintained this ranking for six years since 2014. In particular, Korea ranked 2nd in terms of R&D concentration and value-added manufacturing and 4th in high-technology concentration.

Bloomberg Innovation Index in 2019 (Unit: Ranking)

Ranking	Country	Rating	R&D Concentration	Value Added Manufacturing	Productivity	High technology Concentration	Service Sector Efficiency	Researcher Concentration	Patent Applications
1	Republic of Korea	87.38	2	2	18	4	7	7	20
2	Germany	87.30	7	3	24	3	14	11	7
3	Finland	85.57	9	16	5	13	9	8	5
4	Switzerland	85.49	3	4	7	8	13	3	27

Bloomberg (2019)

The World's Most Innovative Country (2019 Bloomberg Innovation Index)



1. Global Test Bed

Based on the manufacturing competitiveness of various industries and the high level of IT infrastructure, there is high demand for high-tech among all generations in Korea. Along with manufacturing, Korea has reached a world-class level in R&D, and the synergy between R&D and manufacturing resulted in a virtuous cycle of added value creation. . The country's strong consumer base, which is sensitive to new products and global trends, established Korea as a global test bed and it has become commonly known that "if it works in Korea, it will work anywhere".

Manufacturing Competitiveness Index		R&D Proportion of GDP	
China	1	Republic of Korea	4.55%
USA	2	Israel	4.25%
Germany	3	Japan	3.14%
Japan	4	Germany	2.93%
Republic of Korea	5	USA	2.74%
United Kingdom	6	France	2.25%
Taiwan	7	China	2.11%
Mexico	8	United Kingdom	1.69%

Deloitte Touche Tohmatsu Limited and
US Council on Competitiveness, 2016
Global Manufacturing Competitiveness
Index

Ministry of Science and ICT "Report of
research and development activities in
2017" (Nov. 2018)

2. Digital Infrastructure

In April 2019, Korea became the world's first country to commercialize 5G technology, which is known for its super-fast speed, ultra-low latency and ultra-connectivity. By connecting everything in real time, 5G technology is expected to accelerate the development of industry and the economy by actively responding to the super-smart society and the age of digital transformation. Korea is leading the commercialization of 5G as the global standard and has implemented a policy of building related infrastructure with the goal of driving new industry via the convergence of related inter-industrial technologies and services. In this light, Korea will play a role as global test bed for foreign investors and provide opportunities to join new innovation initiatives such as virtual and augmented reality amid changing global industry trends.

Korea has placed as a priority the securing of global competitiveness in D.N.A. (Data, Network, AI), which represents key infrastructure in the era of the 4th industrial revolution and digital transformation. The country is also implementing policies to lead innovative growth through convergence between other industries and services.

Meanwhile, Korea is developing artificial intelligence (AI) technology via deep learning, by utilizing a wide range of big data, and by improving national competitiveness with 5G technology in all industries and services.

Ministry of Science and ICT : Business Plan, Mar. 2019

According to the National Competitiveness Assessment 2019 released by the World Economic Forum(WEF), Korea ranked 13th out of 141 countries. In the area of ICT adoption, Korea ranked no. 1 in the world, while the WEF rated South Korea as a 'global leader in ICT' in this report.

National Competitiveness Assessment in 2019, ICT Adoption

Ranking	1	2	3	4	5	6	7	8
Country	Republic of Korea	UAE	Hong Kong	Sweden	Singapore	Japan	Iceland	Qatar
Rating	93	92	89	88	87	86	85	84

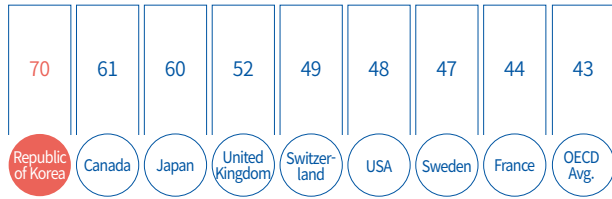
WEF, The Global Competitiveness Report 2019 (Oct. 2019)

3. Outstanding Human Resources

Korea is nurturing outstanding human resources in accordance with global trends based on the country's enthusiasm for education and high university entrance rate.

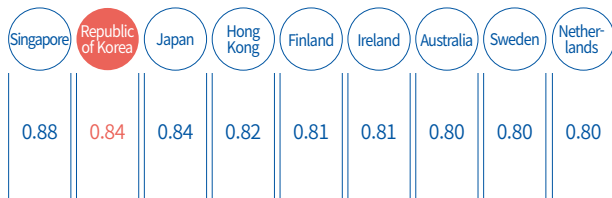
- According to the announcement from OECD on 2017, the high university entrance rate in Korea is 70%, which is the highest level compared to other countries. It represents that Korea has highly-educated human resources with a big gap between Canada(61%) and the average of OECD(43%).
- Korea stands the 2nd after Singapore out of 157 countries in Human Capital Index provided by World Bank on October 2018. Korea scored 0.84, which represents Korea has the 2nd highest future productivity: score 1 refers to the productivity where the baby born today receive full education and medical support.

Comparison of University Education : Graduation Rate for Ages 25~34 (Unit: %)



OECD "Education at a Glance 2017"

Human Capital Index



Global Bank Group, IMF "World human capital index, 2018"

More than 200,000 Korean students currently study in institutions of higher education abroad including in North America and Europe, as well as in Asia, Latin America, the Middle East, and Africa. In addition, most Korean university students acquire experience in various countries via overseas language training and internship programs. These experiences result in a pool of global talent with skill sets in their field of study, as well as in foreign languages in addition to English.

In addition to the K-pop fever that is currently taking place around the world, the demand for Koreans in the global market has sharply increased due to the expansion of successful cases of Korean companies entering overseas markets and the rise of Korea's national brand value in the international community. Koreans have built a reputation for being diligent and loyal, characteristics which have made them highly appreciated through the many success stories the country has made worldwide.

Major Industry in Korea

Major Industry, which is also referred to as Key Industry, Leading Industry or Demand Pull Industry, leads economic development based on an advanced employment structure, industrial output, and value-added production compared to other industries. It is thus Korea's most important industry and contains a higher composition of industrial clusters with its strong back and

forth linkage effect and higher level of industrial quality compared to other rival countries.

Major Industry in Korea can be explained by two keywords, namely export and manufacturing. There are 12 industries considered as major industries; displays, semiconductors, shipbuilding, petrochemicals, petroleum refining, textiles, fashion apparel, automobiles, IoT appliances, steel, robot, and telecommunications equipments.

1. Displays

Including Korea, there are four major countries producing displays in the world, the other three being China, Taiwan, and Japan. Among them, Korea has maintained the top spot since 2004. As of 2018, Korea possesses 42.6 percent of global market share for displays, with exports standing at USD 24.7 billion or 4.1 percent of the country's total exports. Korea's portion of global market share stands at approximately 29.2 percent for LCD panels and 94.4 percent for OLED panels.

Global Market Share of Displays in 2018

Market share	Republic of Korea	Taiwan	Japan	China	Others
All Panels	42.6%	19.1%	12.0%	29.1%	1.3%
LCD Panels	29.2%	23.7%	15.0%	30.6%	1.5%
OLED Panels	94.4%	1.2%	0.7%	3.7%	0.1%

2. Semiconductors

Korea is home to the world's 2nd largest semiconductor industry as of 2018 with a 21.5 percent global market share accounting for 17.1 percent of the country's total exports. Korea is no. 1 in global market share for memory chips (62 percent) and DRAM (72 percent).

Proportion of Semiconductors to Total Exports in Korea

(Unit: USD 100 million)

Year	2015	2016	2017	2018
Total export	5,268	4,954	5,737	6,055
Semiconductor	629	622	979	1,267
Proportion(%)	(11.9)	(12.6)	(17.1)	(20.9)

3. Shipbuilding

The Korea shipbuilding industry led the global market with rapid growth in the first decade of the 2000s, with about 40 percent of the global market share. The country entered the global shipbuilding market in earnest, starting with the construction of large shipyards in the 1970s. After 2010, a number of negative factors including a slowdown in the shipbuilding and shipping markets and the rise of China saw Korea fall out of the top position. In 2018, after only seven years however, Korea regained the world's no. 1 position in annual orders.

Worldwide interest in eco-friendly and high-efficiency ships is currently increasing amid stricter regulations on CO₂ and sulfur oxide emissions set to take effect in 2020. Korea has once again proven its high level of technological prowess and competitive edge by winning the majority of orders for LNG-fueled tankers in early 2018. In order to ensure the country sustains its competitive advantage in the shipbuilding industry, Korea is expanding investment in technologies related to smart self-driving ships and eco-friendly and high-efficiency ships, and by promoting policies to strengthen the connection between shipbuilding, shipping, and finance.

Ship Orders and Construction Volume by Country in 2018

(Unit: Million CGT, %)

Country		Republic of Korea	China	Japan	Europe	Others	Total
Orders	Quantity	13.1	10.0	5.3	3.0	0.4	31.8
	Rate	41.2	31.4	16.7	9.4	1.3	100
Construction	Quantity	7.7	11.1	7.6	2.1	2.1	30.6
	Rate	25.2	36.3	24.8	6.9	6.9	100

4. Petrochemicals

The petrochemical industry is responsible for the core of the country's production and exports. In total, it accounts for 6.1 percent of the country's total manufacturing output, 4.4 percent of value added, and 8.2 percent of exports. Thanks to Korea possessing the world's 4th largest production capacity, as well as major improvements in process efficiency and facility expansion, the country's production volume is continuously increasing. Petrochemicals have also contributed greatly to Korea achieving a trade surplus via exports, with the country recording USD 50 billion in petrochemical exports in 2018. Facility investment is also on the rise, as a large-scale investment of KRW 14.5 trillion to build new petrochemical facilities including a Naphtha Cracking Center (NCC) was announced in December 2018.

Petrochemical Industry in Korea Global Market Share

(Capacity of ethylene production in 2018)

Country	USA	China	Saudi Arabia	Republic of Korea	Iran	India	Japan	Germany	Canada
Rate(%)	19.1	14.4	9.9	5.2	4.3	4.2	3.7	3.2	3.0

Korea Petrochemical Industry Association

5. Petroleum Refining

Korea possesses the world's 5th largest refining capacity. The country is capable of producing over 3.34 million barrels of oil per day as of 2018. The size of refining facilities per plant is the largest in the world, and it is this massive refining capability which enables economies of scale that gives Korea an international competitive advantage. Exports of petroleum products reached USD 56.2 billion in 2012, claiming the top position in exports overall, while in 2018, exports totaled USD 46.7 billion, marking the 4th most exported item. Currently, Korea exports over one-half of its gross petroleum products output.

Refining Capacity in 2018

(Unit: thousand barrels/day)

Ranking	1	2	3	4	5	6	7	8
Country	USA	China	Russia	India	Republic of Korea	Japan	Saudi Arabia	Brazil
Capacity	18,762	15,655	6,596	4,972	3,346	3,343	2,835	2,285

BP, Statistical Review of World Energy (Jun. 2019)

6. Textile

The Korean textile industry benefits from a balanced production base throughout the entire process as well as the competitive advantage of being able to respond immediately to product diversification thanks to highly developed technology. Korea is the 10th largest exporter of textiles and fashion in the world, and in particular, stands at the top in several high-value product areas including spandex, tire cord, and low-melt fiber (LMF), among others.

Global Textile Market Share in 2017

(Unit: %)

Ranking	1	2	3	4	5	6	7	8	9	10
Country	China	EU	India	Viet nam	Bangla desh	Turkey	USA	Pakis tan	Indo nesia	Republic of Korea
Market share	38.7	26.5	4.8	4.7	4.1	3.5	2.6	1.8	1.6	1.6

World Trade Organization (WTO)

7. Fashion Apparel

As of 2017, the global fashion apparel and footwear market stands at USD 1.1 trillion, while the Korean market ranks 12nd (excluding shoes) with a market size of USD 24.3 billion. The Korean Wave, or "Hallyu", is now actively consumed around the world and has led to increasing interest in the latest trends and styles in Korea which are exposed through Korean dramas and entertainment programs.

In particular, Dongdaemun start-ups, or "Dong-start-ups", which focus on the production of on-demand, personalized clothing which integrates AI and big data have begun to emerge from Dongdaemun Market, the center of Korea's textile industry, K-Fashion, and the country's fast fashion sector.

Global Fashion Apparel Market in 2017 (Unit: USD 100 million)

Ranking	1	2	3	4	5	6		12
Country	China	USA	Japan	Germany	United Kingdom	India	...	Republic of Korea
Sales amount	2,844	2,675	662	633	551	502		243

Euromonitor

8. Automobile

Korea is the world's 6th largest automobile manufacturer. Korea's auto industry is one of the country's most important industries, accounting for 13.2 percent of gross manufacturing production and a trade surplus of USD 49.7 billion in 2016.

In the current trend of disruptive innovation which includes the development of eco-friendly and self-driving cars, Korea is developing promising business models through a connected service alliance in which companies producing finished cars, IT, and telecommunications technology are participating. To this end, there is a plan to establish 2,000 smart automobile factories by 2022 to innovate productivity. The government is also operating a private and public joint Automobile Industry Development Committee with the goal of improving auto industry development policies, safety regulations, technical innovation, and trade and labor-management.

Automobile Production in 2017 (Unit: Million)

Ranking	1	2	3	4	5	6	7	8
Country	China	USA	Japan	Germany	India	Republic of Korea	Mexico	Spain
Quantity	29.0	11.2	9.7	6.1	4.8	4.1	4.1	2.8

9. IoT Appliance

IoT appliances are a key part of the smart home industry ecosystem that combines the telecommunications sector, home network companies, and construction companies, as well as home appliance manufacturers, thus creating new added value via diverse platforms. Asia currently claims 26 percent of the global IoT appliance sector market, with Korea representing one-quarter of the entire Asian market. Korea's smart home market is growing at an annual rate of 11.91 percent, while the country's market volume is expected to reach USD 9.65 billion by 2023.

Current Status of and Prospects for the Asian Smart Home Market

(Unit: USD billion)

Country	China	Republic of Korea	Japan	Australia	Others
2017	4.28	4.16	4.12	2.01	2.15
2023	12.97	9.65	8.18	4.24	5.37

INNOPOLIS Foundation, Smart home market (Report of global market trends in INNOPOLIS technology (Sep. 2017))

10. Steel

Korea is presently the world's 5th largest steelmaker, producing 72.5 million tons in 2018. Since Pohang Iron and Steel Co. began operating in 1973, Korea has continued to expand its steelmaking facilities amid growing demand. Korea's share of global crude steel production has risen from 0.1 percent in the 1970s to 4 percent in 2018 and today, Korea ranks highest in the world in per capita steel consumption at 1,047 kg as of 2018. The Korean steel industry sought to maximize profitability through mass production of general purpose steel in the past. In the 2000s, however, amid increasing global steel supply, the country sought qualitative rather than quantitative growth, which upgraded the competitiveness of the country's products.

Steel Production by Country in 2018

(Unit: Mt,%)

Ranking	1	2	3	4	5	6
Country	China	India	Japan	USA	Republic of Korea	Russia
Production	928	107	104	87	72.5	71.7
Market share	51.3	5.9	5.8	4.8	4.0	4.0

Per Capita Steel Consumption by Country in 2018 : World no. 1 (Unit : kg)

Country	Republic of Korea	China	Japan	USA
Per capita consumption	1,047	590	514	307

Korea Steel Association, World Steel Association

11. Robot

The robot sector is one of the industries leading the digital transformation revolution, which promotes convergence and the development of AI technologies. This industry has shown rapid growth recently. In 2018, Korea's manufacturing robot market size is USD 951 million.

Global Market Size of Manufacturing Robots in 2018 (Unit: USD million, %)

Country	China	USA	Japan	Germany	Republic of Korea	United Kingdom	Others	Total
Market size	5,419	2,508	1,759	1,553	951	104	4,208	16,502
Rate	32.8	15.2	10.7	9.4	5.8	0.6	25.5	100

2019 World Robotics (IFR, Sep. 2019)

12. Telecommunication Devices

Korea's mobile telecommunications device market stands at approximately USD 37.3 billion as of 2018. It is expected, however, that Korea will see a rapid increase in demand for such devices following the commercialization of 5G for the first time globally on April 3, 2019. According to market research company IHS, Samsung Electronics Co., Korea's leading mobile device maker, holds 21 percent of the 5G device market, ahead of China's Huawei, which claims a 17 percent market share. Samsung Electronics' strength is that it can provide 5G telecommunication chips, terminals, and even devices in batches, while the company's high frequency field (mmWave) technology has been evaluated ahead of competitors.

5G Device Market Share (4Q. 2018)

Company	Ericsson	Samsung	Nokia	Hwawei
Market share(%)	24	21	20	17

In Detail

Strength of Korea in the 5G Market

- The ability of Samsung Electronics to manufacture telecommunication modems, terminals, and equipment has enabled the company to advance into overseas markets and seek new opportunities for growth.
- Korea seeks to become the first in the world to commercialize the most up-to-date telecommunications technology. At present, Korea ranks top in the world in terms of network speed and quality.
- In the domestic market, Korean companies are able to respond faster than foreign companies in regard to providing after-sales support and service.

Ministry of Science and ICT, [Issue analysis vol. 125]
Strategic direction of Korea's network device industry in the 5G era, 2019

Market

1. Domestic Market

According to World Economic Forum (WEF) research, Korea is the 14th largest domestic market out of 140 countries in the world, with a population of 51.71 million and a USD 1.72 trillion GDP as of 2018. GDP per capita stands at USD 33,346, ranking 26th in the world. Meanwhile, Korea has the world's 5th-largest e-commerce retail market thanks to brisk e-commerce sales in online shopping malls and home shopping. Credit cards are used more often than cash and check transactions, while smart payments are rapidly spreading due to the development of the country's fintech sector which employs NFC technology and biometric information. The number of smart payments in Korea totaled 2.38 billion in 2018, a 69 percent year-on-year increase.

Domestic Market Size Ranking

Ranking	1	2	3	...	14	15	16
Country	China	USA	India	...	Republic of Korea	Canada	Spain

World Economic Forum, The Global Competitiveness Report (2018)

2. E-commerce

Korea has a fast-growing online market and has entered the global top 5 in e-commerce retail sales. According to e-Marketer, Korea is expected to maintain its position in 2019. Primary products include travel and transportation, home appliances, telecommunication devices, textiles and fashion, food and beverage, and cosmetics.

Comparison of E-commerce Retail Sales in 2017 (Unit: USD 100 million)

Ranking	1	2	3	4	5	6	7	8	9
Country	China	USA	Japan	United Kingdom	Republic of Korea	Germany	France	India	Canada
Amount	4,489	3,660	788	738	513	491	410	298	242

Invest KOREA (Retail E-commerce sales by country, Euromonitor International, 2018)

Expected Size of E-commerce Retail Market in 2019 (Unit: USD 100 million)

Ranking	1	2	3	4	5
Country	China	USA	United Kingdom	Japan	Republic of Korea
Amount	19,895	6,006	1,371	1,136	866

e-Marketer (Mar. 2019)

E-commerce Goods in Korea (Unit: %)

Travel and transportation	Home appliances and telecommunications devices	Clothing	Food and beverages	Cosmetics
14.2	11.3	10.4	9.6	8.7

National Statistical Office, Trend of online shopping in July 2019 (Sep. 2019)

3. Exports and Trade

An outwardly open policy focused on exports has been the driving force for economic growth in Korea. Trade volume in 1948 at the time the Republic of Korea was founded was less than USD 300 million, but grew to over USD 100 billion in 1988 following industrial modernization from 1960s and the painstaking efforts and sacrifices of the entire population. In 2011, just 23 years later, Korea reached USD 1.1 trillion in annual trade volume, making the country the 9th member to join the USD 1 trillion trade club after the United States, Germany, China, etc.

USD 1 Trillion Trade Club (Unit: USD trillion, 2018)

Country	USA	Germany	China	Japan	France	Netherlands	Italy	United Kingdom	Republic of Korea
Year of joining	1992	1998	2004	2004	2006	2007	2007	2007	2011
Trade volume	4.19	2.88	4.61	1.48	1.27	1.34	1.05	1.16	1.14

According to "Current status in competitiveness of exports in top market share products in the global market (2017)" released by Korea Institute for

International Trade (KITA), Korea has 77 products with top market share in their respective sectors, ranking the country 12nd in the world. The major items are as follows:

Changes in Korean Products with no. 1 Global Market Share (Unit: Quantity, %)

Item	2014		2015		2016		2017	
Chemical products	22	(32.8)	22	(32.4)	25	(35.2)	31	(40.3)
Steel	11	(16.4)	12	(17.6)	15	(21.1)	13	(16.9)
Textile products	6	(9.0)	9	(13.2)	7	(9.9)	8	(10.4)
Non-electronic equipment	7	(10.4)	7	(10.3)	4	(5.6)	5	(6.5)
Transportation equipment	4	(6.0)	5	(7.4)	4	(5.6)	4	(5.2)
Electronics equipment	7	(10.4)	4	(5.9)	6	(8.5)	4	(5.2)
Others	10	(15.0)	9	(13.2)	10	(14.1)	12	(15.5)
Total	67	(100)	68	(100)	71	(100)	77	(100)

* Note: () means proportion
Korea International Trade Association (KITA), "Current status in competitiveness of exports in top market share products in the global market," (Mar. 2019)

4. Massive Economic Reach via FTAs

Based on Free Trade Agreements (FTAs) signed with 55 countries and economic zones including the EU, the United States, and China, Korea's economic territory ranks 3rd largest in the world. Foreign-invested companies can take full advantage of Korea's FTA network to springboard into other global markets.

Current Status of FTAs in Korea

	Country
In effect	EFTA, EU, Turkey, India, China, Vietnam, Singapore, ASEAN, Australia, New Zealand, Canada, United States, Columbia, Peru, Chile, Central American countries
Signed	UK, Israel, Indonesia
Under negotiation	RCEP, Philippines, Korea-China-Japan, Ecuador, Mercosur, Russia, Malaysia
Resumed/Begun/ Under Review	Mexico, GCC, EAEU

Ministry of Trade, Industry and Energy (Nov. 2019)

FTAs in Effect



INFORMATION

Korea's FTA Help and Support Center operates an FTA Call Center which offers support on how to utilize FTA in an easy and systematic way

FTA call center : +82-1380

KOTRA FTA Support Center (14 cities in 6 countries) : +82-2-1600-7119

Website (FTA Help and Support Center) : <http://okfta.kita.net>



Infrastructure

1. Logistics Hub

In addition to the country's strategic position between neighbors China and Japan, Korea is located only four hours by flight from Incheon International Airport and Gimpo International Airport from 61 domestic and foreign cities with a population of over 1 million. The country is also home to international ports including Busan, Incheon, and Gwangyang, as well as a sophisticated highway and high-speed train system. Incheon International Airport is a transportation hub in Northeast Asia which ranks in the top three globally in international air freight and top five in international air passengers. Along with a global network which connects Korea to around 600 ports in 150 countries in the world, the Port of Busan ranked 3rd in terms of port and shipping connectivity in the Port Liner Shipping Connectivity Index (PLSCI) from UNCTAD, thus securing Korea's competitiveness in logistics infrastructure.

In Detail

The Port Liner Shipping Connectivity Index (PLSCI) is an index released annually by UNCTAD from 2006 evaluating 900 ports around the world

according to six standards including harbor ship capacity and frequency of container liner ports, among others.

International Air Freight (2018)

(Unit: million tons)

Ranking	1	2	3	4	5	6
City	Hong Kong	Shanghai	Incheon	Dubai	Taipei	Tokyo
Freight	5.02	2.92	2.86	2.64	2.31	2.20

Changes of PLSCI Points in Top 5 Container Harbors

	2006	2014	2019
Shanghai	81.67p	120.22p	134.32p
Singapore	94.94p	111.11p	124.63p
Busan	77.38p	101.46p	114.45p
Ningbo	56.04p	96.91p	114.35p
Hong Kong	100p	107.24p	102.79p

Based on PLSCI of Hong Kong Port at 100p in 2006
Reports from Busan Port Authority (Aug. 2019), <https://unctadstat.unctad.org>

2. Electricity Connection

According to the World Bank's Doing Business 2019 Report, Korea ranked 2nd internationally in terms of access to electricity. This ranking represents how easy, cheap and fast electricity can be accessed under identical conditions (e.g., area, scale of installation application, building size, usage).

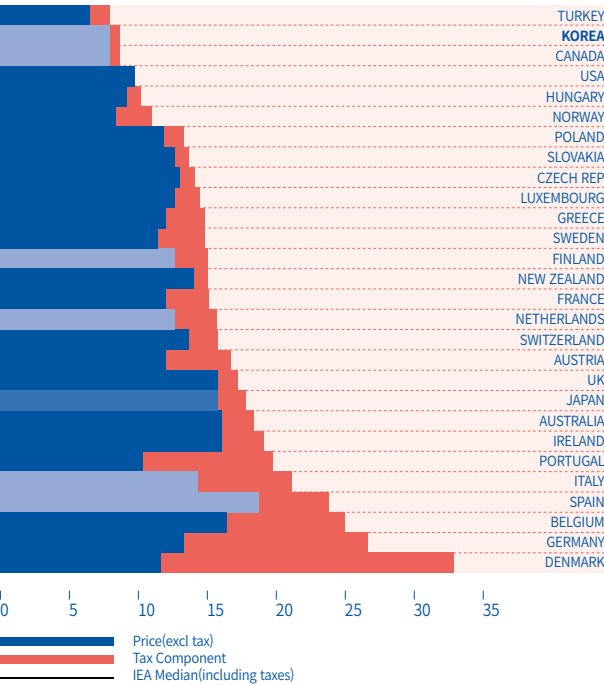
Comparison of Electricity Connection in the World

Ranking	1	2	3	4	5
Country	UAE	Republic of Korea	Hong Kong	Malaysia	Germany

World Bank Group "Doing Business 2019 Report"

Korea has the 2nd-lowest electricity bill per capita among 28 major countries in OECD. It is a half of the average amount in OECD and 25 percent of the price in Denmark, which has the top electricity bill.

Comparison of Electricity Prices between Major Countries



3. Water Supply

Korea maintains a stable water supply infrastructure with fees for water usage considerably lower than the world's major cities including New York, London and Tokyo.

Comparison of Water Usage Fees in Major OECD Cities

City	Seoul	New York	London	Tokyo	Zurich	Amsterdam	Copenhagen	Stockholm
USD/m³	0.53	3.94	3.98	2.18	4.65	4.53	7.63	2.52

OECD "Environment at a Glance 2015"

4. Communications Network

Korea has the world's top communication network, ranking no.1 in the world with average Internet speed of 28.6 Mbps. The country's download speed for mobile devices is also the fastest in the world, as only in Korea does average Internet speed top 50 Mbps following the commercialization of 5G technology in April 2019.

Average Internet Speed

Ranking	1	2	3	4	5	6	7	8
Country	Republic of Korea	Norway	Sweden	Hong Kong	Switzerland	Finland	Singapore	Japan
Speed (Mbps)	28.6	23.5	22.5	21.9	21.7	20.5	20.3	20.2

Akamai Technologies 1Q 2017

Mobile Download Speed

Ranking	1	2	3	4	5	6	7	8
Country	Republic of Korea	Norway	Canada	Netherlands	Singapore	Australia	Switzerland	Denmark
Speed (Mbps)	52.4	48.2	42.5	42.4	39.3	37.4	35.2	34.6

Opensignal (May. 2019)

Mobile Fees in Korea

(Unit: USD)

	500MB, 100 calls	1GB, 300 calls	2GB, 900 calls
Republic of Korea	7.24	19.58	30.77
OECD Avg	22.46	29.78	36.77
Republic of Korea's Ranking	1	15	19

Source : ETRI Insight, May. 2018

The OECD Broadband Portal compared the prices in 35 OECD member nations in three usage baskets (low, medium, high).

The results showed that Korea's price in the low basket was the lowest compared to other nations while prices in the medium and high baskets were in the medium range.

STARTING



Requirements for Foreign Direct Investment

Foreign Direct Investment (FDI) refers to where a foreigner's investment is at least KRW 100 million and the foreign invested ratio is a minimum of 10 percent of the total investment amount. Foreign investors and foreign-invested companies may conduct business in Korea without restraint except as otherwise prescribed by other Acts of the Republic of Korea. The types of FDI are as follows: acquisition of stocks or shares of a Korean company, an overseas parent company's provision of long-term loans with a maturity of at least five years to a foreign-invested company, and a foreigner's contribution to a non-profit organization.

In addition, the case that foreign-invested company utilizes its unappropriated earned surplus for new or additional factory shall be recognized as foreign direct investment (to be enforced on 2020).

The objects of investment to acquire stocks or shares include the following: foreign currency, capital goods, proceeds from acquired property, and industrial property rights.

Definition of Foreign Direct Investment

To be recognized as FDI, the investment amount should be KRW 100 million or more and the investor should own at least 10 percent of either the total number of voting stocks issued by a Korean corporations or companies or its total equity investment. If the investor owns less than 10 percent of the voting stocks or its total equity investment, the investor must dispatch or appoint an executive (i.e., a person with the right to participate in important management decisions) to the domestic company in which the investment is being made.

Foreigner : An individual with foreign nationality, a corporation established in accordance with a foreign law, or an international economic cooperative organization as prescribed by presidential decree

Foreign investor : A foreigner who holds stocks, etc., or has contributed as prescribed by the Foreign Investment Promotion Act

※ Related law : Article 2 (1) 1 and 5 of the Foreign Investment Promotion Act

Permitted Business Categories

Except as otherwise prescribed by the Acts, a foreigner may conduct business without restraint in the Republic of Korea.

1. Restrictions on Foreign Investment

- Where an investment is deemed to threaten national security and public order
- Where an investment is deemed to have a harmful effect on public hygiene or environmental preservation, or run counter to Korean morals and customs
- Where an investment violates the laws and subordinate statutes of the Republic of Korea

2. Prohibited Business Categories

Postal services, central banking, individual mutual aid organizations, pension funding, financial market administration, activities auxiliary to financial services activities, etc.

- Legislative, judiciary, administrative bodies, foreign embassies, extra-territorial organizations and bodies
- Education (pre-primary, primary, secondary, higher education, universities, graduate schools, schools for people with disabilities, etc.)
- Artistic, religious, business, professional, environmental advocacy, political, and labor organizations, etc.

※ Related law : Attached Table 1 of the Rules on Foreign Investment
(Public Notice no. 2018-137 of the Ministry of Trade, Industry and Energy)

3. Restricted Categories of Business

- **Prohibited** Nuclear power generation, radio broadcasting, over-the-air-air broadcasting
- **Permitted where the Foreign Investment Ratio is less than 50%** Livestock farming, meat wholesale, transmission and distribution of electric power, trade of electricity, coastal water passenger/freight transport, passenger/freight air transport, publication of magazines and periodicals, etc.

- **Permitted where the Foreign Investment Ratio is 49% or less**
Program distribution, cable networks, broadcasting via satellite and other forms of broadcasting, wire/wireless and satellite communications and other electronic communications
- **Permitted where the Foreign Investment Ratio is 30% or less**
Hydroelectric power/fire power/solar and sunlight power and other power generation
- **Permitted where the Foreign Investment Ratio is less than 25%**
News agency business
- **Partially Permitted** Growing of cereals and other food crops, manufacture of other basic inorganic chemicals, manufacture of other smelting refining and alloys of non-ferrous metals, disposal of radioactive waste, domestic commercial bank except the National Agricultural Cooperative Foundation and the National Federation of Fisheries Cooperative (finance)

※ Related law : Attached Table 2 of the Rules on Foreign Investment
(Public Notice no. 2018-137 of the Ministry of Trade, Industry and Energy)

Types of Investment

1. Acquisition of stocks or shares of a domestic company

- Acquisition of newly issued stocks or shares of a company managed by a Korean corporation or a Korean national
- Acquisition of the existing stocks or shares of a company managed by a Korean corporation or a Korean national

2. Long-term Loans

A loan with a maturity of not less than five years (based on the loan maturity prescribed in the first loan contract), which is provided to a foreign-capital invested company by any of the following entities: overseas parent company of the foreign invested company, a company with a capital investment relation with the overseas parent company or a foreign investor (individual), or a company that has a capital investment relationship with the foreign investor (individual).

3. Reinvestment of Unappropriated Earned Surplus

Investment of foreign-invested company's unappropriated earned surplus for such purpose including new or additional factory. (The foreign-invested company shall be deemed as a foreigner and the invested amount shall be calculated by multiplying the investment ratio: to be enforced on 2020).

In Detail

Capital Investment Relations

Corporate Investment : Where an investor is a corporation (parent company)

- A company that holds at least 50 percent of the total number of stocks issued by, or of the total equity investment of, its overseas parent company (OPC)
- A company whose OPC owns at least 50 percent 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 percent of the total number of issued stocks or the total equity investment of its OPC

- An entity of which 50 percent or more of its total issued stocks or total equity investment is owned by its overseas parent company or a company of which 50 percent or more of its total issued stocks or total equity investment is owned by its overseas parent company

Individual Investment : Where an investor is a foreign individual

- A company of which at least 50 percent of the total issued stocks or total equity investment is held by an individual foreign investor who owns at least 50 percent of the foreign-invested company's total issued stocks or total equity investment

4. Contribution to a Non-Profit Organization("NPO"), etc.

A contribution to an NPO or companies is recognized as FDI where the foreign contribution amount is at least KRW 50 million and accounts for 10 percent or more of the total amount and where all of the following conditions are met:

- ① The NPO or companies 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 least three years' experience in research, or with a master's or higher degree in a science and technology field
 - 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, and 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, or 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

※ Related laws : Article 2 (1) 4 of the Foreign Investment Promotion Act, Articles 2 (2) and (4)-(7) of the Enforcement Decree of the Act

Assets for Investment (Object of Investment)

Any object in which a foreign investor invests in order to possess stocks, etc., and which falls under any of the following:

- ① A means of international payment (foreign currency) as defined under Article 3 (1) of the Foreign Exchange Transactions Act or a means of domestic payment (national currency) incurred by international payment
- ② Capital goods
- ③ Proceeds (dividend) from stocks, etc., acquired under the Foreign Investment Promotion Act
- ④ Industrial property rights, intellectual property rights (including copyrights to be utilized in industrial activities under the Copyright Act, and the layout-design right prescribed by the Act on the Layout-Designs of Semiconductor Integrated Circuits), other technologies corresponding thereto, and rights pertaining to the use of such rights or technologies
- 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 The amount of redemption of long-term loans or other loans from a foreign country
- ⑦ Stocks of foreign corporations listed or registered on foreign stock markets
- ⑧ Stocks owned by foreigners under the Foreign Investment Promotion Act or the Foreign Exchange Transaction Act
- ⑨ Domestic real estate owned by foreigners(attached certificate of completion of capital transaction report in accordance with the Article 18 of the Foreign Exchange Transactions Act)
- ⑩ Proceeds from the sale of the stocks of a Korean company or real estate in Korea, etc., owned by a foreigner

※ Related law : Article 2 (1) 8 of the Foreign Investment Promotion Act



Q1. Will the foreign-invested company be able to retain its status and qualification even if it transfers some of its stocks or shares, or if it loses its capital and thus fails to meet the foreign investment requirements after registering as a foreign-invested company?

Even if a foreign-invested company registers as a foreign-invested company but no longer satisfies the FDI conditions due to transfer of shares or capital reduction, the 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 two individuals invest together and the total amount of their investment is at least KRW 100 million, can it be recognized as FDI?

Where two or more foreigners make a joint investment, the amount invested must be at least KRW 100 million per person.

[Article 2 (3) of the Enforcement Decree of the Foreign Investment Promotion Act]

Q3. How can the period of loan be calculated when a grace period or repayment in installments applies?

The loan period shall be calculated by considering the grace period and the period of the loan to be repaid in installments or prepayments, while the repayment period shall be calculated by multiplying the proportion of the loan to the total amount equal to the period of each installment or prepayment.

⇒ 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 starting from four years after? The weighted average repayment period of six years is met.

* $6 \text{ years} = (8 \text{ years} \times 2/10) + (7 \text{ years} \times 2/10) + (6 \text{ years} \times 2/10) + (5 \text{ years} \times 2/10) + (4 \text{ years} \times 2/10)$

[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?

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

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 the Small and Medium Enterprise Establishment Investment Association do not have a corporate personality and are therefore organizations, not corporations. However, in many cases foreign investors invest in 10 percent or more of such associations' shares. Do such cases constitute FDI as prescribed by the Foreign Investment Promotion Act?

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 8 of the Act on Special Measures for the Promotion of Venture Business, Article 7 of the Act on Special Measures for the Promotion of Specialized Enterprises, etc., for Materials and Components, Article 24 of

the Act on Formation and Operation of Agricultural, Fisheries and Food Investment Funds, etc.

** Small and Medium Enterprise Establishment Investment Association, Korea Venture Fund, Specialized Parts and Materials Investment Association, Agricultural and Food Investment Association, etc.

Source : e-People FAQ

Q7. Should foreign investors notify a merger if they take over a domestic company?

In the event of a merger, the entity must notify the merger under Article 12 of the Monopoly Regulation and Fair Trade Act, as is the case of a domestic company.

① Size of applicable companies

- Notifying company (foreign investor): Notifying company (foreign investor): KRW 300 billion or more in total assets or sales

- Partner company (domestic company): KRW 30 billion or more in total assets or sales

② Mergers requiring notification:

- Where a company holds at least 20 percent (or at least 15 percent in the case of a listed corporation) of the total number of shares (excluding non-voting shares) issued by another company

- Where an individual who holds at least 20 percent of shares issued by another company becomes the largest shareholder by acquiring additional shares of that company

- Where an executive officer of a large company concurrently holds an executive officer position in another company

- In the case of a corporate merger

- Where a company takes over the business

- Where the company participates in the establishment of a new company and becomes the largest shareholder thereof

※ Notification following the merger is permitted when a foreign investor's total assets or sales is KRW 300 billion or more although a large company with total assets or sales of KRW 2 trillion or more is required to notify the merger prior to it taking place (prohibition of action). However, even in cases requiring pre-merger notification, FDI notification can be made through a delegated agency such as a foreign exchange bank.

Q8. Do capital goods only include facilities such as machinery and vehicles?

Capital goods include industrial facilities creating added value, testing materials, and technical services and exclude raw materials (excluding those for testing purposes), etc.

- Machinery, apparatus, facilities, equipment, parts, and accessories as industrial facilities (including vessels, motor vehicles, aircraft, etc.), livestock, breeds or seeds, trees, fish and shellfish which are necessary for the development of agriculture, forestry, and fisheries, and raw materials

- Raw materials and reserve stocks deemed necessary for initial testing (including pilot projects) of facilities

- Fees for transportation and insurance required for the introduction thereof and other know-how or service necessary therefor

[Article 2 (1) 9 of the Foreign Investment Promotion Act]

Q9. Where a foreigner establishes a corporation with income earned in Korea, is it recognized as FDI?

Domestically sourced funds are not recognized as FDI.



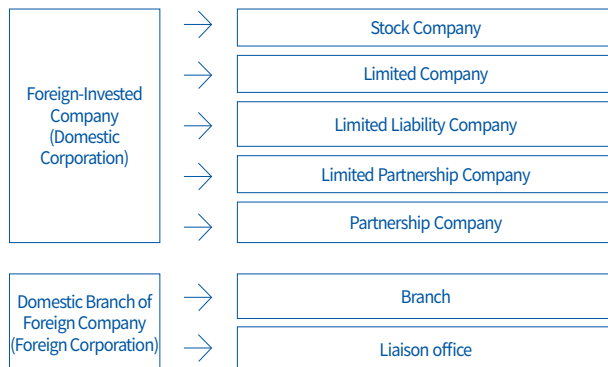
Types of Companies

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 either 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.

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-percent share of new/existing stocks with voting rights, it is recognized as 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.



Comparison of a Foreign-Invested Company, a Domestic Branch, and a Liaison Office

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 FDI	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, only for the purpose of establishing business contacts
Minimum investment amount	KRW 100 million*	No restrictions	No restrictions
Legal liability	Liable limited to domestic corporation	Liability extends to domestic corporation and headquarters	Liability extends to domestic corporation and headquarters
Independence	Separated 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(refer to page 140)		No tax obligation
Taxable income	Total income based on all profit made by the domestic corporation	Total income based on all profit made by the domestic corporation. Branch tax payment occurs in some countries.	No taxable income
Tax benefits	Tax benefits for foreign-invested company and small and middle-sized business according to the Restriction of Special Taxation Act	No benefits	No benefits

* 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 of the Regulations on the Foreign Exchange Transaction) as prescribed by the Foreign Exchange Transaction Act.

Types of Corporation

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 easy to transfer stocks and possible to 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 composed 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 are 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
Distinction	Suitable for large company Easy to invite multiple shareholders	Suitable for small and medium-size business Composed of minority with mutual trust
Minimum Investment Amount	No restrictions (exception: At least KRW 100 million for FDI)	Same as a stock company
Equity Unit	At least KRW 100	Same as a stock company
Capital Transfer	No restrictions	Approval at general meeting required
Issuance of Bonds	Possible	Impossible
Board of Directors	Yes	No
Number of Directors	At least 3 directors (at least 1 director when total capital is less than KRW 1 billion)	At least 1 director
Number of Auditors	Required (Except when total capital is less than KRW 1 billion and a non-investment executive is listed)	Not required
Possibility of Listing	Yes	No

In Detail

Company 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 does not satisfy 3 or more of the following 4 requirements

Total assets less than KRW 12 billion

Total debt less than KRW 7 billion

Total sales less than KRW 10 billion

Fewer than 100 employees

② Limited Company

- For companies with at least KRW 50 billion in total assets or sales at the end of the last business year
- Company that does not satisfy 3 or more of the following 5 requirements

Total assets less than KRW 12 billion

Total debt less than KRW 7 billion

Total sales less than KRW 10 billion

Fewer than 100 employees

Fewer than 50 employees (investors)

- Limited company has higher possibility of external audit exemption than stock company due to wide range of options.

Article 5 (2) of the Enforcement Decree of the Act on External Audit of Stock Companies (enforced November 1, 2018)

FAQ

Q1. What kind of Visa · Stay in Korea can foreigners receive when they are dispatched to a foreign-invested company, a domestic branch of foreign corporation or a liaison office?

A business investment (D-8) visa is issued to indispensable professional specialists who are dispatched from headquarters to be engaged in the management, business administration or production, and technology of a foreign-invested company, as prescribed by the Foreign Investment Promotion Act. A dispatch (D-7) visa is issued to indispensable specialists who are dispatched to domestic branches or offices with at least an year of experience in foreign public institutions, organizations, or headquarters, branches, or offices.



The Best Sites for Business

When selecting the business site of a foreign-invested company, the type and industry of the company have to be considered. In the case of manufacturing businesses, they can move into an industrial complex where it is convenient to establish a factory or establish a factory by changing the usage of the individual site.

National industrial complexes and general industrial complexes are planned sites where major business establishments and related facilities are clustered. In such complexes, the optimal environment for business operation is provided, and it is relatively easy to secure land. Non-manufacturing or services businesses can choose among clusters, centers, etc. with the most favorable condition for doing their business. On the other hand, special sites for foreign-invested companies include Foreign Investment Zones (FIZ), Free Economic Zones (FEZ) and Free Trade Zones (FTZ), and sites for nurturing specific areas include a high-tech medical complex, INNOPOLIS and the international science business belt.

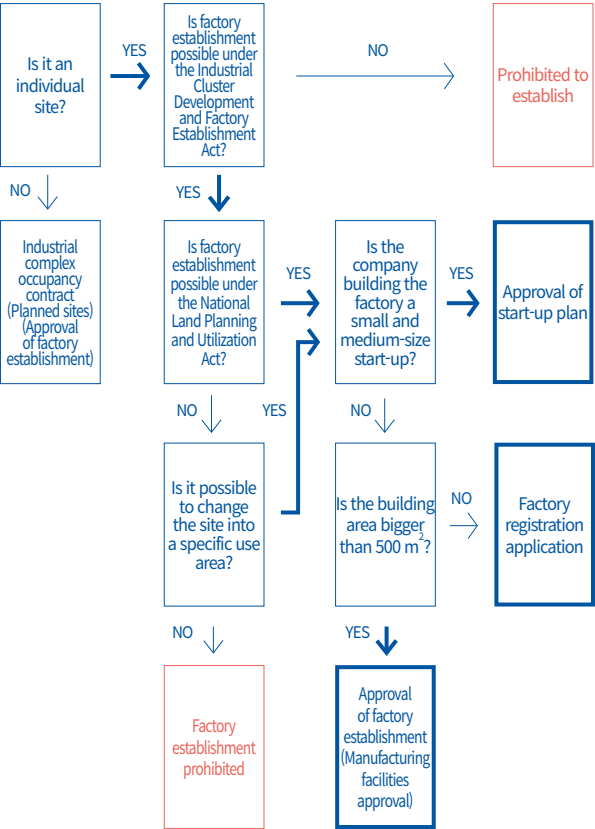
Suitable Sites by Industry Type

Manufacturing business	Industrial complexes	Manufacturing National industrial complex, general industrial complex, urban high-tech industrial complex and agricultural and industrial complex FDI incentives Foreign investment zone, free economic zone, free economic zone(industrial-type) Manufacturing+related industries Enterprise city, high-tech medical complex, INNOPOLIS, etc.
	Individual sites	Factory establishment(the establishment approval, start-up plan approval) and workplace lease meeting uses prescribed by the National Land Planning and Utilization Act
Non-manufacturing business	Industrial complexes	Logistics Free trade zone(seaport-type), logistics complex FDI incentives Foreign investment zone (service-type), etc.
		Knowledge Industry Center, Business Incubation Center, supporting facilities for start-up, Creative Economy Innovation Center, etc.
	Individual sites	Construction or lease the buildings established under the National Land Planning and Utilization Act and the Building Act

Manufacturing Industry Site Types

Factories are required for companies in the manufacturing sector, but factory establishment procedures, authorizations, and permissions can differ according to site. Although complicated procedures are required when a factory is established on an individual site, planned sites established to promote manufacturing such as industrial sites offer simplified procedures for factory establishment and required authorizations and permissions. In particular, small businesses which do not produce environmentally hazardous goods can operate manufacturing facilities without registering the factory.

The following shall be reviewed to determine whether a plant can be established on a particular site: land use restrictions, factory construction feasibility, and environmental regulations.



Source : Korea Industrial Complex Corporation (Compilation of Industrial Location 2018)

1. Industrial Location and Individual Location

Korea has been promoting industrial location policies to secure areas for production and operation, select quality locations, and recommend factory establishment in industrial complexes for the sake of systematic management. However, if it is unsuitable to establish a factory in an industrial complex due to reasons such as business conditions and land prices, it is possible to purchase a separate site and obtain necessary licenses and permits to establish a factory.

① 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 striven to establish industry-academia linkages and connect various support facilities.

Industrial complexes differ by location depending on the purpose of construction, while there are differences in the way industries are managed from location to location. Even within the same manufacturing industry, different business types can be located in different locations, while regulations for operation and management may differ by complex. For example, despite being designated as an industrial complex, a foreign investment zone (industrial complex-type) and a national food cluster can exist within according to a "basic management plan" for each complex. A free trade zone, the Saemangeum zone, and INNOPOLIS are operated according to respective regulations, for example. Occupancy requirements for free trade zones are defined in the Act on Designation and Management of Free Trade Zones.

INFORMATION

Restriction on the Sale or Disposal of a Factory in an Industrial Complex

In order to induce industrial integration, industrial complexes estimate the pre-sale price at a lower construction cost compared to the actual value. Accordingly, in order to prevent tenants from distributing industrial land at low prices and selling it within a short period of time, regulations regarding the restriction of disposal have been established.

The period of restriction on sale or disposal is five years. Within this period, however, a company which has no choice but to sell the factory may do so via the disposal application system including via open sale, although the purchase price can be controlled by the relevant regulatory agency.

Except in the case of purchasing an existing factory site within an individual location or industrial complex.

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

② Individual Location

Individual location refers to any location except one within a pre-designated and developed location. In the event that a company purchases or leases land outside of an industrial complex or in a building in an urban or residential area, a factory can be established via acquisition of authorizations and permissions for altering usage.

When a company selects an individual location for manufacturing purposes, it is possible to occupy the location as a factory or Type II neighborhood lifestyle facilities (manufacturing establishment) under the "Enforcement Decree of the Building Act." However, since the whole property is designated as a "special purpose area" under the "National Land Planning and Utilization Act" and thus can be restricted from area to area, ascertaining the building use as well as restrictions as prescribed by the Act and local government policy should take precedence for new construction. Areas restricted for factory establishment can be altered to special purpose areas through an alteration of the "urban or county management plan," although approval from an urban planning committee is required.

Refer to "Standards for Factory Location" or "Enforcement Decree of the National Land Planning and Utilization Act" about the type of business by usage and location.

Advantages and Disadvantages of Industrial Complex and Individual Location

	Industrial complex	Individual Location
Advantages	<ul style="list-style-type: none">· Favorable SOC conditions including infrastructure· Simplified procedures for factory establishment permission· Ease of exchanging information and technology between corporations due to close proximity· Reduction of distribution costs· Better corporation support from government	<ul style="list-style-type: none">· Affordable land acquisition· Available to occupy at the desired time and place· Potential to locate near market· Small-size location available· Ease of sale and disposal of factory site
Disadvantages	<ul style="list-style-type: none">· Simplified procedures for factory establishment, although there are restrictions on sale and disposal of the site	<ul style="list-style-type: none">· Complicated authorization and permission procedures for factory establishment· Fewer incentives including tax exemption and financial support compared to industrial complex· Burden of installation of necessary infrastructure including road and water supplies falls on the company· Difficult to control environmental factors near factory

2. Factory Establishment

Factories are defined as business establishments for operating manufacturing businesses, which is the generic term for buildings, factory buildings, manufacturing facilities and their incidental facilities. Manufacturing businesses refer to manufacturing businesses as described under the Korean Standard Industry Classification promulgated by the Korean Commissioner of Statistics.

In Detail

Scope of Factories

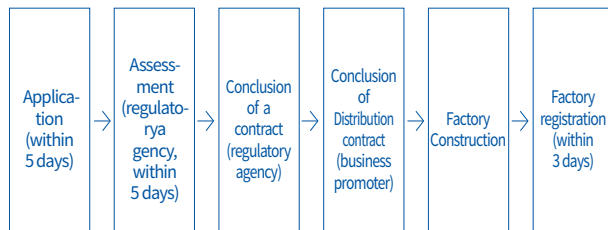
- Manufacturing facilities (including facilities for processing, assembling or repairing goods) and pilot manufacturing facilities
- Incidental facilities installed within a factory site to manage and support manufacturing facilities or for employee welfare or benefits
- Mandatory facilities and factory sites required under related law
- Factory site with the above facilities established

① Factory Establishment in Industrial Complex

Unlike individual sites, many parts of an industrial complex are complete and thus there are not many matters that require separate licenses. The type of industry is also limited by industrial complexes, which greatly reduces the time required for review. The industrial complex submits to the management institution a "residence contract application" which has the same administrative effect as the "application for approval of factory establishment" for individual locations. In general, approval is given within five days of the application or within ten days if consultations with relevant authorities are required.

After approval of occupancy, procedures for the construction of the factory, the completion report, the confirmation of the site visit by the official in charge, and the registration of the factory are the same as for an individual location.

Factory Establishment Approval Procedure



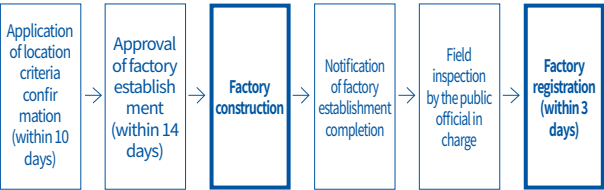
② **Factory Establishment in an Individual Location**

Ⓐ **Establishment of an Individual Site Factory under the Act on Industrial Integration and Factory Establishment**

In the case of an individual location, it is important to review all the laws and regulations due to there being so many laws about factory establishment. When the move-in application is submitted, it will be reviewed and approved within twenty days in accordance with Korea's Factory Establishment Approval System. If the application is made to the municipality having jurisdiction over the site of the factory to be established, it may be approved within fourteen days. If agenda processing is applied, the approval period can be shortened to within seven days.

In Detail

Agenda processing : A system that improves the efficiency of administrative tasks and improves administrative services by collectively processing the authorizations and permits to be fulfilled according to individual laws.



• **Application of Location Criteria Confirmation**

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 the establishment of the factory is approved, land leveling, infrastructure installation, and construction can be carried out.

• **Factory Registration**

If the factory establishment report is completed within two months after construction and machinery and equipment installation, the 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 notification of establishment completion.

INFORMATION

Manufacturing Plant

Factory registration is optional for manufacturing establishments with a construction area of less 500 m² or less and no emission of environmental pollutants. Therefore, it is possible to operate a manufacturing business after undertaking the administrative procedures for each industry such as business registration. However, if necessary, factory registration can be completed by applying for factory registration, while the approval of the factory establishment can be obtained along with the licensing system.

Small Business

As a special case for the establishment of a small-business factory, a business registration certificate shall be regarded as a factory registration document if a manufacturer who does not have a factory registration in the factory needs a factory registration certificate.

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

⑥ **Factory Establishment for SMEs in an Individual Location under the Support for Small and Medium Enterprise Establishment Act**

Exemption from Charges and Fees for Small and Medium-Sized Manufacturing Enterprise Establishment

Charges and Fees	Related Law	Charges and Fees	Related Law
Charges	Article 138 of the Local Autonomy Act	Waste charges	Article 12 (1) of the Act on the Promotion of Saving and Recycling of Resources
Farmland preservation charges	Article 38 (1) of the Farmland Act		Article 19 (1) of the Act on the Improvement of Water Quality and Support for Residents of the Han River Basin
Charges for the development of substitute grasslands	Article 23 (6) of the Grassland Act		Article 30 (1) of the Act on the Water Management and Resident Support in the Geum River Basin
		Water use fees	
Basic charges	Article 35 (2) 1 of the Clean Air Conservation Act		Article 32 (1) of the Act on the Water Management and Resident Support in the Nakdong River Basin
Basic discharge charges	Article 41 (1) 1 of the Water Quality and Ecosystem Conservation Act		Article 30 (1) of the Act on the Water Management and Resident Support in the Yeongsan and Seomjin River Basins
Charges	Article 51 (1) of the Electric Utility Act	Expenses incurred in creating forest replacement resources	Article 19 (1) of the Mountainous Districts Management Act

Exemption from charges and fees for three years from the business commencement date
However, farmland preservation charges and alternative grassland creation costs are exempted for seven years from the commencement of the project.
※ Related law : Article 39-3 of the Support for Small and Medium Enterprise Establishment Act

In Detail

Restrictions and Exceptions on Factory Establishment

No person shall construct a new factory, expand or relocate the existing one, the construction area of which is at least 500 m², nor change the type of business of a factory in an overpopulation control zone, growth management zone or nature conservation zone 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 m² (including within a knowledge industry center) or change its business type in a growth administration zone.

(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 m² may be newly or additionally built in Pyeongtaek City within a population growth-control area. However, a factory being newly constructed shall be limited to specified 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 (Online Support System for Factory Establishment): An online factory establishment support system operated by the Korea Industrial Complex Corporation provides one-stop administrative services such as factory establishment information, establishment best practice guide, factory establishment grievance resolution, industrial complex tenancy, application for certification, etc.

Local Support Centers for Factory Establishment operated by the Korea Industrial Complex Corporation

Centers in 13 regional headquarters and local branches in the country -Seoul, Incheon, Gyeonggi, Wonju, Cheonan, Daegu, Gumi, Ulsan, Busan, Changwon, Gwangju, Gunsan, Gwangyang

Website : www.femis.go.kr 

Factory Establishment Team of Korea Industrial Complex Corporation
(+82-70-8895-7266)

3) Factory Establishment-related Laws

Related laws for Factory Establishment Procedures

Law	Content
Industrial Cluster Development and Factory Establishment Act	Factory establishment approval process, authorization and permission for site renovation, conclusion of occupancy agreement, etc.
Support for Small and Medium Enterprise Establishment Act	The founder of a small and medium sized enterprise (manufacturing industry) may establish a factory with the approval of a start-up business plan (individual sites)

Korea Industrial Complex Corporation

Related laws for Land Utilization

Law	Content
Seoul Metropolitan Area Readjustment Planning Act	Division and designation of 3 regions (overconcentration control region, growth management region, nature preservation region), restriction of factory overconcentration in the metropolitan area
National Land Planning and Utilization Act	Designation of special-purpose areas or special-purpose districts and establishing a standard for buildable structures in the area
Industrial Sites and Development Act	Designation and creation of national industrial complexes (national industrial complex, general industrial complex, urban high-tech industrial complex and agricultural and industrial complex)
Building Act	Classification of 29 uses of a building (construction, regulations for the uses change procedure)
Private Road Act	Procedure of permission for private road building
Restitution of Development Gains Act	Restitution of development gains accruing from land (Imposition of charges, imposition standards, etc.)

Special Cases and Support Acts Concerning Establishment of Factories

Law	Content
Act on Special Measures for the Promotion of Venture Business	Special cases for laboratory factory, and venture businesses and founders within a business incubator
Act on Special Cases concerning Support for Technoparks	Special cases for factory establishment in a technopark
Framework Act on Small and Medium Enterprises	Scope of small and medium entrepreneurs
Small and Medium Enterprises Promotion Act	Special cases concerning establishment of factories by small enterprises

Non-manufacturing Industry Site Types

1. Industrial Complex

In the case of non-manufacturing industries, location selection is freer than in the manufacturing industry. In order for a non-manufacturing industry to enter an industrial complex, however, it must correspond to a non-manufacturing industry as prescribed in the basic management plan of the industrial complex.

The followings are non-manufacturing industries that can enter into an industrial complex as prescribed in the Enforcement Decree of the Industrial Direct Activation and Factory Establishment Act. There are no separate location restrictions for non-manufacturing businesses unless there is a desire to move into an industrial complex.

Category	Type of Business
Knowledge Industries	Research and development, architectural, engineering and other scientific technical services, advertising, motion pictures, video, broadcast program production activities, publishing activities, specialized design activities, packaging and filling activities, education, etc.
Information and Communications	Computer programming, consultancy and related activities, software publishing, data processing, hosting and related activities, database activities and on-line information provision services, telecommunications
Resources Storage	Storage of coal, crude petroleum, natural gas, etc.
Other sectors as prescribed by Presidential Decree	Waste collection, treatment and disposal activities; materials recovery, wastewater treatment services, installation and operation of storage, transport terminal, other logistics facilities, etc.

※ Related law : Article 6 of the Enforcement Decree of the Industrial Cluster Development and Factory Establishment Act

2. Individual Location

① Logistics Complex

- A logistics complex is a complex of land parcels and facilities designated and developed by law to establish and promote a logistics and support facility hub for transporting, procuring, loading, unloading, sorting, packing, processing, and assembling cargo, clearing customs for cargo, storing and selling cargo, processing information for cargo, etc.
- Companies operating in the following sectors may take occupancy in the seaport-type free trade zones: Landing and loading, transport, warehousing, display, compound logistics (packing, repairing, processing, fabricating) and international logistics, etc.
- Designated seaport-type free trade zones: Busan Port, Gwangyang Port, Incheon Port, Pyeongtaek-Dangjin Port, Pohang Port.

※ Related law : Act on Designation and Management of Free Trade Zones

② Knowledge Industry Center

A knowledge industry center is a multi-story complex which can be occupied by multiple persons engaged in a manufacturing business, knowledge-based business, information and communications business and support facilities. In other words, it is a collective building having at least three floors above ground and able to accommodate over six separate workplaces.

Facilities for occupants in a knowledge industry center are as follows.

- Facilities for manufacturing, knowledge-based business, information and communication, or other business prescribed separately
- Facilities for venture business prescribed by the Act on Special Measures for the Promotion of Venture Business
- Facilities supporting production activities of occupant enterprises, prescribed separately

※ Related laws : Article 28-5 of the Industrial Cluster Development and Factory Establishment Act, Article 36-4 of the Enforcement Decree of the Act

INFORMATION

Restriction of Occupancy in Knowledge-based Industry Center

When installing manufacturing facilities where the relevant knowledge industry center is located in an area other than an industrial complex or industrial zone, only facilities for urban factories (excluding some industries) may be installed.

If a production support facility of a prospective company is deemed to interfere with the production activities of an existing business operator who resided in the relevant knowledge industry center, the management of the center, the mayor, or the head of the ward may restrict the occupancy of the company.

※ Related law : Article 36-4 (2) of the Enforcement Decree of the Industrial Cluster Development and Factory Establishment Act

③ Business Incubation Center

A business incubation center is a specialized incubator that serves as a forward base for entrepreneurship and small and medium-sized venture businesses by providing business space, management skills, and information to prospective start-ups or early start-ups with ideas and skills. Companies that are located in the incubator can secure rental workplace at a low cost and utilize common facilities to reduce the financial burden and receive various services such as management, technology, and legal consulting. The Ministry of Small and Medium Venture Businesses supports 80% (up to KRW 1 billion per operator) for the establishment of incubators at universities and public research institutes.

INFORMATION

Environmental Policies in Korea 2020 (KOTRA)

④ Creative Economy Innovation Center

Creative Economy Innovation Centers operate in 19 regions across the country, helping local talents to commercialize and start their creative ideas. The Centers support startup mentoring, startup education, investment attraction IR, startup competition, startup seminars, networking between local entrepreneurs and companies, marketing, and global expansion.

Website <http://ccei.creativekorea.or.kr>

Environment Related Laws

Law	Content
Clean Air Conservation Act	
Water Quality and Ecosystem Conservation Act	The Clean Air Conservation Act defines the types of discharged facilities subject to notification and permission, and defines the "type" of workplaces according to pollutant emissions.
Noise and Vibration Control Act	
Waste Control Act	
Environmental Impact Assessment Act	When developing land over a certain scale by region, site feasibility and environmental impact should be evaluated.
Chemical Substances Control Act	Guidelines for chemical substances control: safety management for chemical handling facilities, preventive management for harmful chemical substances, preparation and response to chemical accidents
Act on Registration, Evaluation, etc. of Chemicals	Prescribed chemical substances registration, review and assessment of hazards and risks of products containing general/harmful chemical substances, and regulations for designation of hazardous chemical substances

Tax Support

Law	Content
Restriction of Special Taxation Act	<ul style="list-style-type: none"> · Tax incentives for national taxes (income tax, corporate tax) - Tenant companies, start-up companies, local relocation companies, etc., in industrial complexes · Tax incentives for local taxes (acquisition tax, property tax) - Foreign-invested companies
Restriction of Special Local Taxation Act	<ul style="list-style-type: none"> · Tax incentives for local taxes by acquisition of real estate (acquisition tax, property tax, etc.) - Tenant companies, start-ups, knowledge industry centers, local relocation companies, etc. in industrial complexes

Priority Zones for Foreign-invested Companies

Industrial locations include areas to support foreign investors such as free economic zones, foreign investment zones and free trade zones, and locations supported in the form of lease or sale. These areas are subject to tax relief as well as location support when certain requirements are met. There are, in some cases, exceptions to those restricted by other legislation.

1. Free Economic Zone

A free economic zone is a special economic zone designed to create a business-friendly environment for foreign-invested companies and improve their employees' living conditions. This area guarantees alleviation of various regulations and free business activities and is considered as a strong inducement to attract foreign direct investment.

Saemangeum(cancelled from Free Economic Zone on April, 2018) is a national project developed and supported by government in accordance with the Special Act on Saemangeum, and provides inexpensive land and flexibility in the land utilization plan.

Free Economic Zones in the Country & Saemangum



인천경제자유구역

Incheon / Incheon International Airport/ Incheon Port

Highly efficient business environment centered on world-class Incheon International Airport, port infrastructure and international business complex. Development of logistics, medical care, education, high-tech industry

충북
경제자유구역

North Chungcheong Province / Cheongju International Airport

The airport is located in the central inland area, guaranteeing the shortest access nationwide. It is the backbone of IT and BT convergence and home to next-generation strategic industries such as photovoltaic, semiconductor, and bio clusters. This region aims to be the hub of the Northeast Asian aviation maintenance industry.



황해경제자유구역청

Yellow Sea / Pyeongtaek Port, Dangjin Port

Pyeongtaek Port, located in the middle of the Pan-Yellow Sea region and an international cooperation hub, has been developed as an advanced base for export and import to China and a knowledge-based special economic zone. It is expected to become a cluster for global multinationals.



동해안·권 남해자유구역

East Coast / Yangyang International Airport, Eastern port

The region is a repository for non-ferrous metal mineral resources and was the venue for the 2018 Pyeongchang Winter Olympics. It includes Korea's largest nonferrous metal cluster and is the center of green material industry, international logistics, and high-end marine tourism throughout all four seasons.



새만금개발청

Saemangum

The area aimed to be a center of global free trade including economy, industry and tourism based on its rich industrial foundation such as Gunsan Industrial Complex.



대구경북경제자유구역청

Daegu-Gyeongbuk / Daegu International Airport

The region is the center of Korea's key industry cluster including the top domestic automobile parts production, IT/SW industry, medical and steel industries, and offers abundant human resources.



광양만경제자유구역청

Gwangyang Bay / Yeosu Airport, Gwangyang Port

Strategically located in the heart of the Pacific route, this area provides a natural environment and infrastructure for convenient production and logistics. The region aims to become an international trade city that combines new industries with cultural tourism.



부산진해경제자유구역

Busan / Jinhae Gimhae International Airport/Busan New Port

Busan Port, the world's sixth-largest port by volume, is the largest logistics hub in Korea and linked to major feeder ports in Japan, China and Russia. It is the center of industrial clusters of shipbuilding, automobiles and machinery, as well as recreation and leisure.

2. Foreign Investment Zone

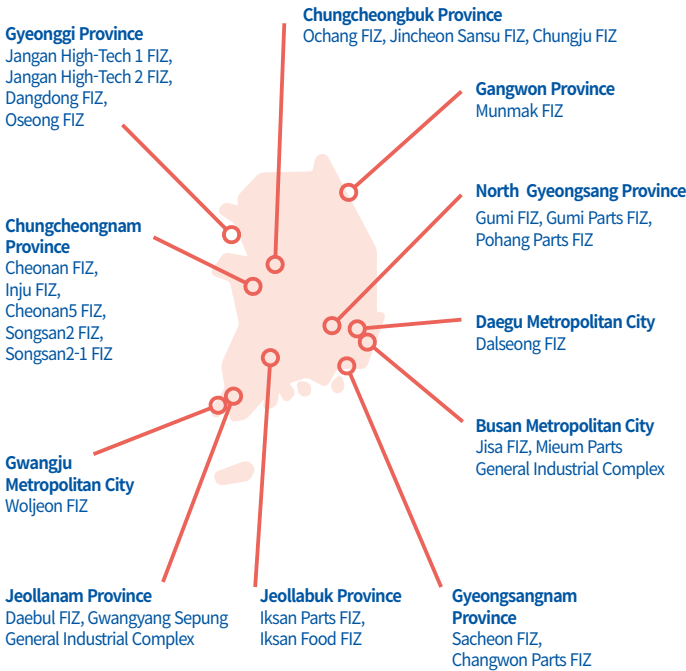
Foreign investment zones are categorized into three types: complex-type, individual-type and service-type. Complex-type and individual-type zone provide lower rent fees and additional reduction of rent fees and tax exemption when certain requirements are met. Service-type zones provide incentives for the support of rental fees but no tax exemptions.

Designated Foreign Investment Zones		As of end-December 2018	
	Complex-type	Individual-type	Service-type
Number of FIZs	26	84	3

INFORMATION

Complex-type Foreign Investment Zones for each region

As of end-December 2018



See the appendix for current status of individual-type foreign investment zone

Regional Rental Fee of Complex-type Foreign Investment Zones

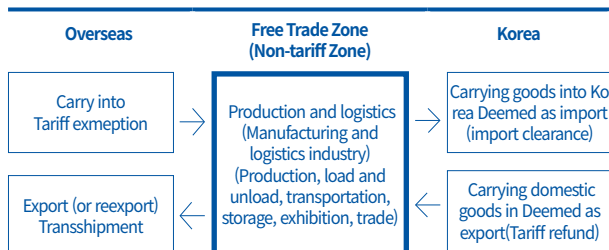
as of end-December 2018

Complex	Monthly Rent (KRW/㎡)	Complex	Monthly Rent (KRW/㎡)	Complex	Monthly Rent (KRW/㎡)
Cheonan (Chungnam)	310	Jangan 2 (Gyeonggi)	303	Wouljeon (Gwangju)	1 st 190 2 nd 250
Daebul (Jeonnam)	69	Dalseong (Daegu)	218	Munmak (Gangwon)	249
Sacheon (Gyeongnam)	224	Gumi Parts (Gyeongbuk)	151	Jincheon Sansu (Chungbuk)	144
Gumi (Gyeongbuk)	165	Oseong (Gyeonggi)	323	Songsan 2 (Chungnam)	290
Ochang (North Chungcheong)	223	Pohang Parts	127	National Food (Jeonbuk)	126
Jangan 1 (Gyeonggi)	258	Iksan Parts	103	Chungju (Chungbuk)	160
Inju (Chungnam)	161	Changwon Nammun Parts	451	Songsan 2-1 (Chungnam)	290
Dangdong (Gyeonggi)	383	Miueum Parts	425	Gwangyang Sepung (Jeonnam)	248
Jisa (Busan)	438	Cheonan5 (Chungnam)	207		

3. Free Trade Zone

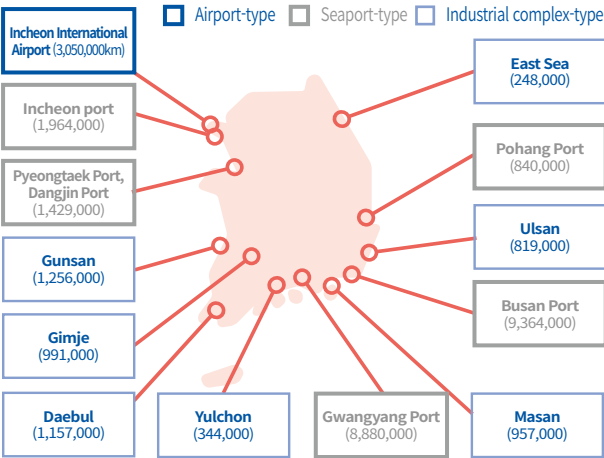
It is a designated region by special law to focus on promoting certain industry. A Free Trade Zone is a special area which guarantees free operation in the fields of manufacturing, logistics, distribution, and trade, and provides various privileges including tax exemption, rent fee reduction and supportive facilities. In particular, it is more advantageous for import and export activities than any other region because it is a tariff reserve area.

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 As of end December 2018(Unit : Thousand ka)



In Detail

Foreign-invested companies, companies whose main purpose is export among companies that operate manufacturing businesses, knowledge businesses, domestic companies that relocated to Korea and companies operating a wholesale business mainly for export and import whose portion of export among sales accounted for 50 percent or more for one or more consecutive years

during the three preceding years are eligible to move in. In addition, a service company which intends to conduct business in loading and unloading, transport, etc., as well as public institutions are eligible to move in.

※ Related law : Article 10 of the Act on Designation and Management of Free Trade Zones

4. Location of Specific Industry Development Areas

It is a designated region by special law to focus on promoting certain industry. Specialized industries and linkage industries for manufacturing are eligible to move into industrial land in the special zones according to regulations. Since operation and management of the complex are based on its own basic management plan, a company which intends to move into the complex should check the overall plan to ensure that occupancy is feasible.

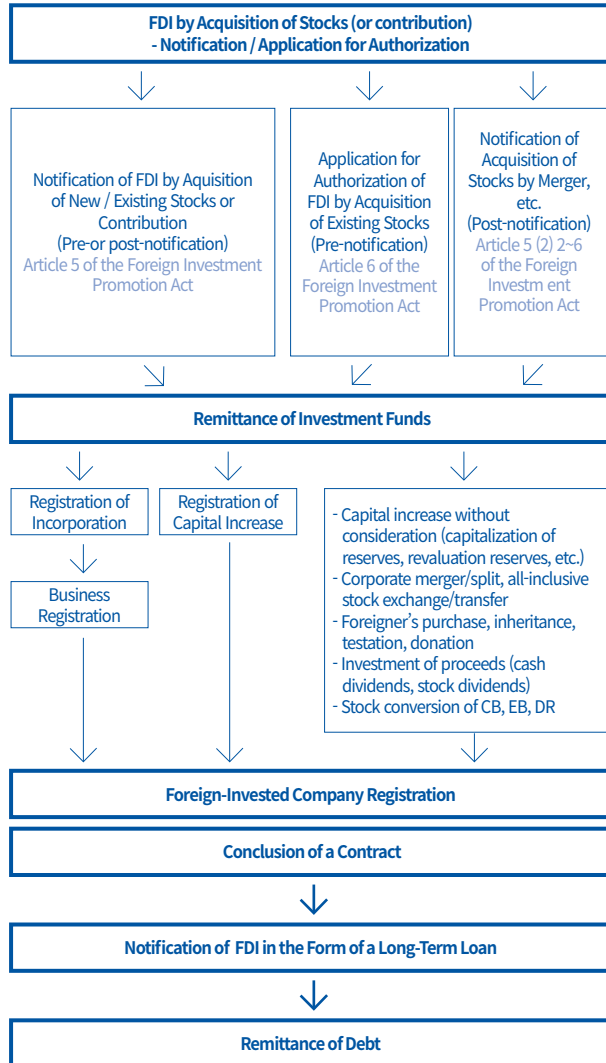
Designated Regions for the Sites Promoting Certain Industries

Type of Special Zone	Designated Region	Related Law
High-Tech Medical Complex	Daegu Sinseo Innovation City Chungbuk Osong Bio-Health Science Technopolis	Special Act on the Designation and Support of High-Tech Medical Complexes
Special Research and Development Zones	Daejeon, Gwangju, Daegu, Busan, Jeonbuk	Special Act on Promotion of Special Research and Development Zones
International Science and Business Belt	Shindong, Dungok, and Doryong District in Daeduk research & development area	Special Act on Establishment of and Support for International Science and Business Belt



Type of Investment Incorporation, Capital Increase, Stock Acquisition and Long-term Loan

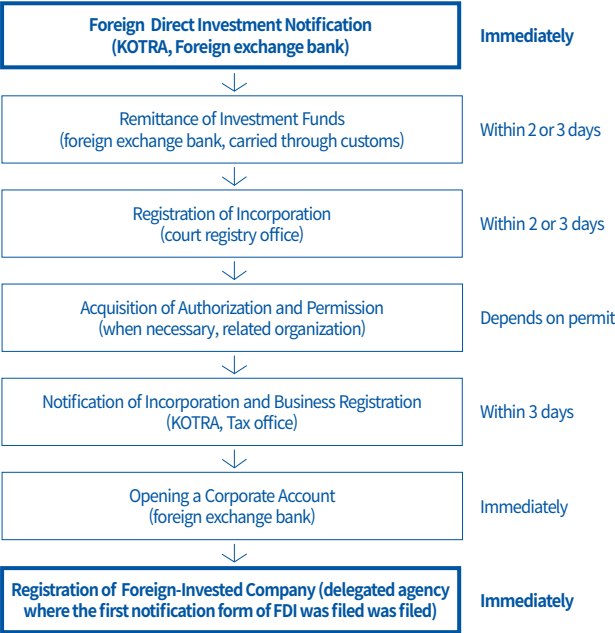
Foreign Direct Investment Procedures



Incorporation of a Foreign-Invested Company

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 all those procedures and residence visa is issued after the registration of the company.

Foreign Direct Investment Flowchart



※ 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.

Some of the required documents must be apostilled, while signatory nations of the treaty are as follows. In case of non-signatory nations, only notarization of the Korean consulate located in the country is valid.

INFORMATION

Signatory Nations to the Apostille Treaty

Asia / Oceania	New Zealand, Niue, Marshall Islands, Mauritius, Mongolia, Vanuatu, Brunei Darussalam, Samoa, Australia, India, Japan, People's Republic of China (Macao, Hong Kong), Cook Islands, Tajikistan, Tonga, Fiji, Philippines, Republic of Korea (18 nations)
Europe	Greece, Netherlands, Norway, Denmark, Germany, Latvia, Russian Federation, Romania, Luxembourg, Lithuania, Republic of North Liechtenstein, Macedonia, Monaco, Montenegro, Republic of Moldova, Malta, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, San Marino, Serbia, Sweden, Switzerland, Spain, Slovakia, Slovenia, Armenia, Iceland, Ireland, Azerbaijan, Andorra, Albania, Estonia, United Kingdom of Great Britain and Northern Ireland, Austria, Uzbekistan, Ukraine, Italy, Georgia, Czech Republic, Kazakhstan, Kosovo, Croatia, Kyrgyzstan, Cyprus, Turkey, Portugal, Poland, France, Finland, Hungary (52 nations)
North America	United States of America (including Guam, Maui, Saipan, Puerto Rico) (1 nation)
Central & South America	Guyana, Guatemala, Grenada, Nicaragua, Dominican Republic, Dominica, Mexico, Barbados, Bahamas, Venezuela, Belize, Bolivia, Brazil, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, Argentina, Antigua and Barbuda, Ecuador, El Salvador, Honduras, Uruguay, Chile, Costa Rica, Colombia, Trinidad and Tobago, Panama, Peru, Paraguay (30 nations)
Africa	Namibia, South Africa, Liberia, Lesotho, Malawi, Botswana, Sao Tome and Principe, Seychelles, Eswatini, Cabo Verde, Burundi, Tunisia (12 nations)
Middle East	Morocco, Bahrain, Oman, Israel (4 nations)
Total	117 nations

Source : HCCH (Hague Conference) Website www.hcch.net

Required documents

Documents to be Prepared by a Foreign Investor

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

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

1. Foreign Direct Investment Notification

A foreign investor is required to pre-notify the FDI to KOTRA (Foreign Investor Support Center in KOTRA headquarters or at an overseas investment hub offices) or a foreign exchange bank.

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, Korea Technology Finance Corporation, Korea Evaluation Institute of Industrial Technology, Korea Environment Corporation, Korean

Agency for Technology and Standards, Korea Institute of Science and Technology, Korea Institute of Science and Technology Information, and National IT Industry Promotion Agency.

Article 30 (4) of the Foreign Investment Promotion Act, Article 39 (2) of the Enforcement Decree of the Act, and Article 4 of the Enforcement Decree of the Act on Special Measures for 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 'declaration of currency or monetary instruments'.

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 valued less than KRW 1 billion, 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.

Required 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, etc.)

※ Where an agent files an application : Power of Attorney and the agent's identification (ID card)

Contact : KOTRA Investment Consulting +82-2-1600-7119

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 written 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 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 Registry of Supreme Court Internet Register Office.

4. Authorization and Permission

Where deemed necessary for business, a foreign investor must acquire the authorization and 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.

In Detail

Examples of Business Types which Require Authorization and Permission

Cosmetics manufacturing, sales and import of cosmetics, food manufacturing, 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 international patient, import of liquor, job placement, etc.

Required documents

Registration of Incorporation

Online Registry of Supreme Court 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 +82-1544-0773 → 2 → 3

5. Notification of Incorporation and Business Registration

Every tax office accepts notification of incorporation and business registration regardless of the jurisdiction. It takes three days for the registration.

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 twenty business days.

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 sixty days following the payment of the object of investment.

Required 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 identification card

Contact : Department handling value added tax at the National Tax Service +82-126→2→2

Required 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 identification card

Required 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

Contact : KOTRA Investment Consulting Center +82-2-1600-7119


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 → Resources → Library → Forms 

- Registration of incorporation : Online Registry of Supreme Court (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) → Search → Enforcement Rule of Value Added Tax Act → Attached forms 

INFORMATION

1. Cost of Incorporation

Examples of incorporation in overpopulation control areas including Seoul Metropolitan region (with capital of KRW 100 million)

Category	Amount (KRW)	Notes
Local registration tax	1,200,000	0.4% of the capital (tripled when a company is established in an overpopulation control area)
Local education tax	240,000	20% of the registration tax
Revenue stamp	25,000	Commission of registration application
Notarization fee	1,000,000	Articles of association, etc.
Total	2,465,000	

The table above includes real expenses, but excludes legal fees.

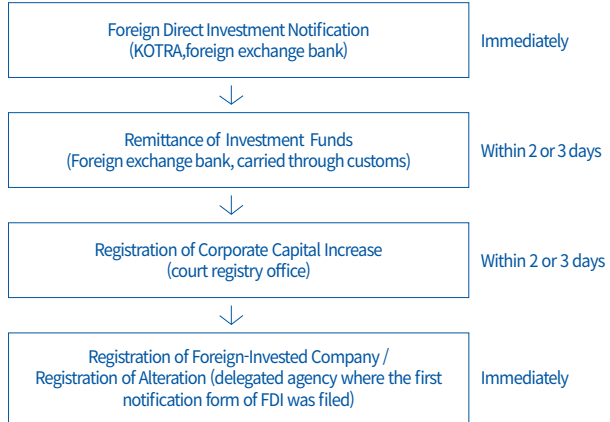
2. Seoul Metropolitan Overpopulation Control Area

① Seoul Metropolitan City ② Incheon Metropolitan City[except Ganghwa-gun, Ongjin-gun, Daegok-dong-Bullo-dong-Majeon-dong-Geumgok-dong-Oryu-dong-Wanggil-dong-Dangha-dong-Wondang-dong in Seo-gu, Incheon Free Economic Zone(including the areas that are lifted from free economic zone list) and Namdong national industrial complex] ③ Uijeongbu-si ④ Guri-si ⑤ Namyangju-si[only for Hopyeong-dong, Pyeongnae-dong, Geumgok-dong, Ilpae-dong, Ilpae-dong, Sampae-dong, Gaun-dong, Suseok-dong, Jigeum-dong and Donong-dong] ⑥ Hanam ⑦ Goyang ⑧ Suwon ⑨ Seongnam ⑩ Anyang ⑪ Bucheon ⑫ Gwangmyeong ⑬ Gwacheon ⑭ Uiwang ⑮ Gunpo ⑯ Siheung [except Banwol special area (including the areas that are lifted from Banwol special area list)]

Source : Ministry of Government Legislation (www.moleg.go.kr)
→ search → Enforcement Decree of the Seoul Metropolitan Area Readjustment Planning Act → Attached Forms → Form 1 

Capital Increase

Foreign Direct Investment Flowchart



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 located in KOTRA headquarters or at an overseas KOTRA office) or a foreign exchange bank.

2. Remittance of Investment Funds

Proceed in the same way as the incorporation procedure.

Required documents

Foreign Direct Investment Notification of 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 Investment Consulting Center +82-2-1600-7119

3. Registration of Capital Increase

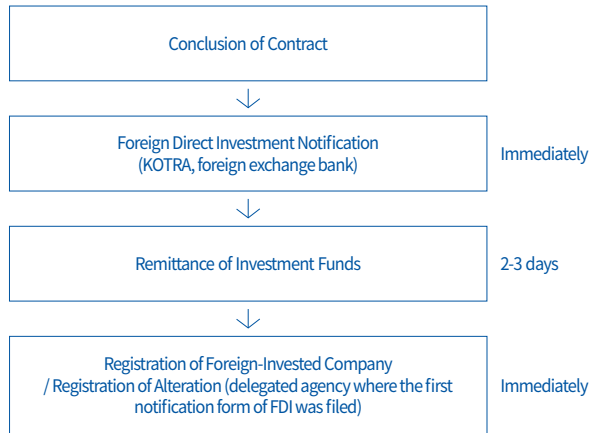
The registry division of the court accepts the application for the registration of capital increase, the completion of which takes two to three days. Required documents can be checked on the list of application forms and required documents from the Registry of Supreme Court Internet Register Office.

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

Acquisition of Existing Stocks

Foreign Direct Investment Flowchart



Required documents

Registration of Capital Increase

Registration of incorporation : Online Registry of Supreme Court 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 +82-1544-0773→2→3

1. Conclusion of Contract for Transfer of Stocks

Make a 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 or at a foreign exchange bank.

3. Registration of Foreign-invested Company or Change in Registration

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.

- Registration of capital increase is required for the acquisition of new shares by capital increase of an established domestic corporation, but not required for the acquisition of existing shares.

Required documents

Foreign Direct Investment Notification of 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)

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)

/ Documents certifying share acquisition (e.g., contract for the purchase of shares)

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

Contact : KOTRA Investment Consulting Center +82-2 1600-7119

Required documents

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 / Relevant contracts / Shareholder's list / Copy of business registration

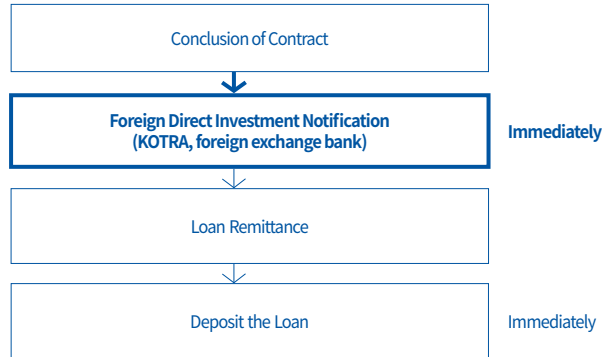
* Where an agent files an application : Power of attorney and the agent's identification

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

Contact : KOTRA Investment Consulting Center +82-2 1600-7119

Long-term Loan

Foreign Direct Investment Flowchart



1. Conclusion of Contract

Conclude a contract for a long-term loan between a foreign investor (loan provider) and a foreign-invested company.

2. Foreign Direct Investment Notification

A foreign investor is required to pre-notify FDI to the Foreign Investor Support Center in KOTRA headquarters 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 amount is deposited into the corporate account of the foreign-invested company by the loan provider in accordance with the foreign investment notification.

Required documents

Foreign Direct Investment Notification of Long-term Loan

2 copies of the notification (Attached Form 2 of the Enforcement Rules of the Foreign Investment Promotion Act : 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 (ID card)

Contact : KOTRA Investment Consulting Center +82-2-1600-7119

INFORMATION

1. Pre- and Post-notification

Term	Notification	Notes
Pre-notification	<ul style="list-style-type: none"> - Notification of foreign investment by acquisition of stocks or contribution and application for approval - Notification of alteration for the foreign investment by acquisition of stocks or contribution and application for approval 	Acquisition of new/existing stocks or contribution (In case of investing in a defense industry company, 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	-
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 - Acquisition of existing stocks issued by a listed corporation - Acquisition by capital increase without consideration such as capitalization of reserves, revaluation reserves, etc., of a foreign-invested company - Acquisition by corporate merger/split, all-inclusive stock exchange/transfer - Investment of proceeds (dividend) from acquired stocks - Acquisition by foreigner's purchase, inheritance, testation, donation - Acquisition by stock conversion, exchange and buyout of Convertible Bond(CB), Exchangeable Bond(EB) and Depository Receipts(DR)	Within 60 days of the date of the acquisition
	Application for registration of foreign-invested company (new registration and registration of alteration)	Within 60 days from the date on which the cause for change occurred (within 30 days in the case of registration of alteration)

2. Steps to be Taken when Changes Occur during Business Operation

When a change occurs during business operation, the following documents to be changed should be filed and registered.

Reason	Incorporation registration certificate	Business license	Certificate of foreign-invested company registration
Company Name	○	○	○
Address	○	○	○
Capital	○		○
Investment Ratio	○		○
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 occurred. If not, a fine will be imposed.

3. Changes Related to the Registration of a Foreign-Invested Company

A foreign investor (or his/her agent) or a foreign-invested company should notify the foreign-invested company's change of information to a delegated agency within 30 days of the date of occurrence of any of the following.

Required documents

Registration of alteration of a 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)

Original copy of certificate of foreign-invested company registration / Incorporation registration certificate of a foreign-invested company (matters concerning cancellation shall be stated)

Additional documents required when necessary

Documents certifying object of investment

Copy of documents certifying that the transfer of assets has been completed (where a foreign investor makes an investment in kind with capital goods)

Copy of the foreign currency purchase certificate or foreign currency deposit certificate

Shareholder's list(certified copy of the original bearing corporate seal) or documents certifying that the payment for stocks has been transferred

Copy of an inspection report by an inspector or an appraisal report by an appraiser, in accordance with the Commercial Act (where a foreign investor makes an investment in stocks or domestic real estate)

Other documents pertaining to the acquisition of stocks and documents certifying changes

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

In Detail

However, the change of information can be notified after the investment notification, if necessary

- Where stocks have been acquired by merger, etc. (acquisition of stocks by merger, capital increase without consideration, etc.)
 - Where the shareholdings or investment ratio of a foreign investor changes due to stock transfer or capital reduction by a foreign investor
 - Where the shareholdings or investment ratio of a foreign investor changes due to capital increase by a national of the Republic of Korea
 - Where there are changes to the company name or title of a foreign-invested company or the nationality of a foreign investor
 - Where there are changes to notified details such as the foreign investment amount, foreign investment ratio, or the address of a foreign-invested company
- ※ Related law : Article 5 (2) 2-6 of the Foreign Investment Promotion Act

4. Cancellation of Foreign-Invested Company Registration

The registration of a foreign-invested company and its authorizations must be revoked or 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

Required documents

Cancellation of Foreign-Invested Company Registration

Application form (Attached form 17 of the Enforcement Rules of the Foreign Investment Promotion Act : Application form for foreign-invested company registration)

Document certifying business closure, certificate of incorporation registration (liquidation completed)
Original copy of certificate of foreign-invested company registration should be returned

* Where an agent files an application : Power of attorney and the agent's identification (ID card)



Q1. It is said that 0.4 percent of the paid-in capital shall be paid as registration license tax for foreign-invested company establishment, although the payable tax amount triples to 1.2 percent when the head office is located in a Seoul Metropolitan overpopulation control area. Are there any ways to avoid heavy taxation?

According to Article 28 (2) of the Local Tax Act, a company whose type of business makes it unavoidable to establish facilities in a large city may pay 0.4 percent of the paid-in capital as registration license tax. The applicable business types are specified in Article 26 (1) of Enforcement Decree of the Local Tax Act.

Q2. In the case of FDI, does the foreign investor have to register with the Financial Supervisory Service?

An application containing the foreign investor registration including personal information should be filed to the Governor of Financial Supervisory Service in advance in a manner prescribed by the Governor of Financial Supervisory Service when the investor intends to acquire or dispose of existing stocks or stocks to be listed for the first time. Foreign investor registration is not required where an investor seeks to acquire or dispose of stocks related to FDI, except in cases where stocks are acquired in a stock market.

Q3. 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?

It is possible to change the foreign-invested company management institution, which is referred to as a change in the delegated agency. The application form is form No. 2 (Application for Change of Delegated Agency) attached to the Rules of Business Process on Foreign Investment. (Download www.investkorea.org → Resources → Library → Forms)

Q4. Is there any penalty clause if a company fails to comply with its FDI notification details?

FDI notifications are not legally binding. If there is a change in the investment plan, a change of contents may be reported (including withdrawal of the notification).

Q5. When a foreigner acquires stocks issued by a domestic company and the value of the stocks is less than KRW 100 million, must the investment be notified?

Where the investment amount falls short of KRW 100 million and therefore FDI 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 (Article 7-32 of the Foreign Exchange Transactions Regulations).


Q6. 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?

There is a system in place which allows the company to utilize additional funds for establishment from the parent company and then pay it back. According to Article 4-3 (6) of Foreign Exchange Transactions Regulations, expenses by non-residents for the establishment of a foreign-invested company under the Foreign Investment Promotion Act are refundable.

Q7. Is it possible to convert long-term loans to stocks or equity by a foreign investor who notified a long-term loan FDI and holds the bond?

Previously, due to the Commercial Act stating "Shareholders are not able to counter the company by offsetting payment", it was only possible to prepare loans and make stock payments through repayment procedures, or to convert investments into spot investments only with the approval of the court. However, as Article 334 of the Commercial Act, which banned the countervailing of shareholders, was eliminated, it is now possible to convert long-term loans directly to equity capital without court approval.

Q8. Is it possible to make an FDI notification online?

Online notification is currently not available, but KOTRA overseas FDI network provides FDI notification service for convenience. A list of KOTRA overseas network is provided on the Invest KOREA website (www.investkorea.org)
→ Resources → IK Introduction → Introduction of Invest KOREA. 

Q9. It is said that if a company name has already been registered by another company in Korea, it is not possible to register the name as a foreign-invested company. Is this true? 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; hereinafter the same shall apply) or county (excluding a country within the jurisdiction of a Metropolitan City; hereinafter the same shall apply).

Q10. Does the office lease contract need to be attached when registering the incorporation of a foreign-invested company?

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



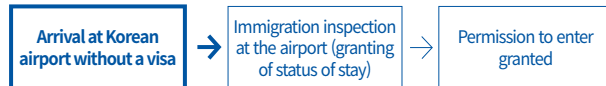
Visa · Stay in Korea

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 who obtained a visa or is eligible for no visa entry, which means every 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 alien registration at the immigration office in the jurisdiction of the place of residence or regional immigration service.

How to Enter Korea

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

- ① A foreigner may enter Korea without a visa and undergo an entry inspection at the airport of entry to obtain a status of stay and receive the maximum period of stay.



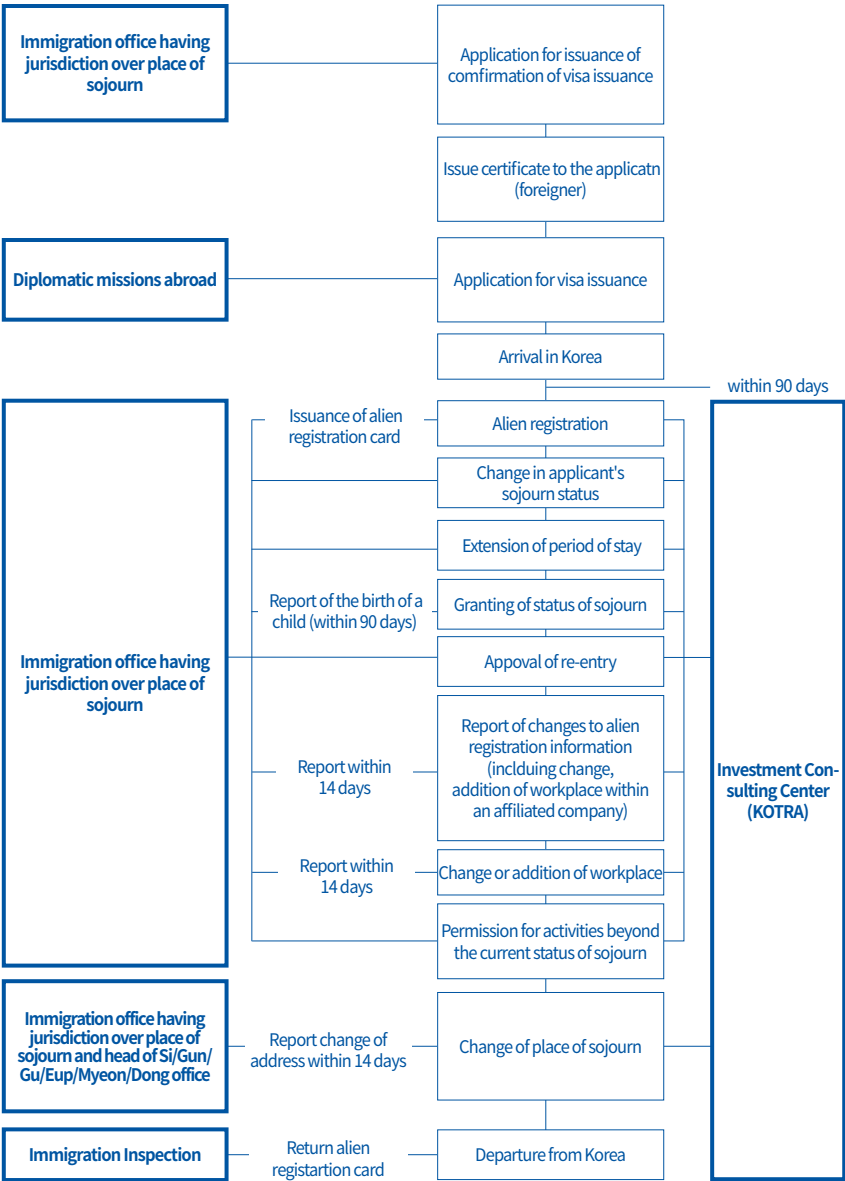
- ② A foreigner may enter Korea by obtaining a visa issued at a diplomatic mission abroad



- ③ In the event that the authority for issuing Visa · Stay in Korea is not delegated to the head of the diplomatic mission abroad, a foreigner may enter Korea after obtaining a certificate of confirmation of visa issuance (or a visa issuance certificate number) issued by the immigration office having jurisdiction over the inviting party's place of residence and obtaining a visa by presenting said certificate to the diplomatic mission abroad.



Procedure for Issuance of an Business nvestment(D-8) Visa



1. Issuance of Visa

① Procedure

The Minister of Justice has the authority to issue Visa · Stay in Korea although this authority may be delegated to the heads of overseas diplomatic missions as prescribed by Presidential Decree. For this reason, there are three methods of entry for foreigners; by obtaining a visa issued at a diplomatic mission abroad; by obtaining the status and the period of stay through immigration declaration after entry in the case where a foreigner holds the status of stay for a short-term visit or is eligible for entry without a visa; by obtaining visa issuance certificates (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.

Scope of Visa Issuance : Only valid for a visa delegated by the Minister of Justice, the majority of which fall under short-term visit.

- 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 in the jurisdiction of the inviting party's residence with the application made by the inviting party. In case of the latter, a foreigner can obtain a visa by submitting the application stating the visa issuance certification number to the head of an overseas diplomatic mission.
- A foreigner with a short-term visa or who is eligible to enter without a visa must change the status of sojourn (D-8, etc.) at an immigration office or a regional immigration service.

Validity of visa issuance certificate : 3 months

2. Alien Registration

A foreigner with a long-term visa which permits a stay of longer than 90 days must apply for alien registration within 90 days to a local immigration office or a regional immigration service in the jurisdiction of his/her residence.

3. Changing Status of Sojourn

In order for a foreigner to engage in other activities that do not fall under the previously approved 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 20 million or receive a deportation order.

INFORMATION

① Extending Period of Sojourn

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

In principle, a foreigner must apply for all status of sojourn matters in Korea including extension of status of sojourn in person. However, when a foreigner is under 17 years of age or if there is a special cause (illness, family circumstances, or business), a proxy with a power of attorney can apply for approval.

A foreigner must be in Korea when the proxy applies for a status of sojourn. Application via a proxy who is in possession of the passport of an applicant who is overseas is not permitted.

④ Restriction of Application and Cancellation of Permission by Representatives

When a foreigner's attendance is required during the process of applying for the status of sojourn, application by proxy may be restricted. In addition, when it is revealed that an application by proxy is made via unlawful means, approval may be rejected or revised.

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 a change of workplace approval as well as any additional approvals in advance. However, a foreigner who possesses professional knowledge, technology, and skills (E1-E7 visa) may apply for approval within 15 days from the day of the change/addition of workplace. A workplace which engages or recommends a foreigner without the permission may be subject to a fine not in excess of KRW 10 million. The foreigner may also be deported in such cases.

② Activities beyond the Status of Stay

In order for a foreigner to engage in activities beyond the status of stay, he/she must obtain a permission for the activities. A foreigner who engages in other activities without the permission may be punished by a fine not exceeding KRW 20 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 an immigration office or an regional immigration service in the jurisdiction of the new place of residence within 14 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 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 this to the head of the competent regional immigration service within 15 days of becoming aware of such circumstances. Failure to do so may result in a fine not exceeding KRW 2 million.

Source : Guide to Employing Foreigners and Visa · Stay in Korea
(by Gilnam Park and Bongsoo Jung, Gangnam Labor Corporation)

Exclusive Visa-Related Services for Foreign Investors

KOTRA's Investment Consulting Center assists foreign investors with all matters pertaining to their visa and stay permits. Immigration officials are dispatched from the Ministry of Justice to handle matters such as change of the status of sojourn, extension of the period of stay, issuance of re-entry permit, granting of the status of stay to children born in Korea, alien registration, report of the change of alien registration information, reporting a change in place of residence, and change or addition of workplace, 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.

INFORMATION

Immigration Contact Center : +82-1345 without the area code

- Information on Visa · Stay in Korea and various stay permits

Hi-Korea : www.hikorea.go.kr

- Manual for Visa · Stay in Korea and the status of stay, services including reservation for visits to apply for status of stay

Foreign Resident Registration Reservation System

For the convenience of foreign residents, immigration offices and regional immigration services in six cities in the Seoul metropolitan area including Seoul, Suwon and Incheon operate a reservation system for visits regarding status of sojourn. Foreigners can log onto the Hi-Korea website to reserve the time and date, and visit the immigration office or regional immigration service to receive services without waiting.

Application of Visa · Stay in Korea by Status of Sojourn

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 founds 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. It is acceptable to dispatch the employee from an overseas related company as well as from the parent company, although in principle, the overseas work order should be issued from the head office with the work period specified.
- A person who has established a corporation with an investment fund of at least KRW 100 million from overseas can apply for an investment visa.
- An indispensable professional specialist includes executives, senior managers, and specialists engaged in management, business administration, production and technology. Exceptions are for those engaged in tasks generally replaceable in Korea.
- Where to apply : Immigration office or regional immigration service in the jurisdiction of the place of applicant's residence or the foreign-invested company's location, KOTRA Foreign Investor Support Center

In Detail

Indispensable professional specialists

Executive

Those who primarily direct organizational management within an organization, exercise broad power 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/supervision and the right

to hire and dismiss employees or to recommend taking such measures, and decide, supervise or control tasks carried out by other supervisory/professional/managerial staff or exercise discretion in daily operations (except for first-line supervisors of non-professional 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

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

It is not possible for the following foreigners to change their status of sojourn to a D-8 visa in Korea: one who has entered Korea for the purpose of a group or personal tour; who has a temporary visa (C-3) and entered Korea as a member of group or personal tour; who has entered on an industrial trainee visa (D-3), a non-professional employment visa (E-9), crew employee visa (E-10), a working visa (H-2), miscellaneous (G-1), or a working holiday visa (H-1) from certain countries.

INFORMATION

Range of Visa Issuance at the Foreign Investor Support Center in KOTRA

- Application for a change or extension of status of sojourn (including stay permit, alien registration, certificate issuance) for D-8 (business investment), F-3 (accompanying spouse / child) and F-1 (visiting or dependent family member) Visa · Stay in Korea can be filed where the qualifications of the applicant and submitted documents are clear.
- Visa · Stay in Korea are issued to all foreigners in Korea on the same day regardless of workplace or place of residence.

③ Change of Status of Sojourn and Alien Registration

Applicable to indispensable professional specialists engaged in management, business administration, production, or technology of a foreign-invested company.

④ Extension of period of sojourn

A D-8 visa holder who intends to stay longer than the permitted period should apply for an extension of the period of stay prior to expiry of the current sojourn period. The required documents are similar to the documents for change of the place of sojourn and more or less documents may be required for review.

Required documents

For change of the status of stay and alien registration (where the founder of a company is a foreign company)

- ① **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act)
 - ② Passport, color passport photo
 - ③ Tuberculosis (TB) test certificate for nationals from high TB-burden countries (confirmation issued by the local community health center)
- [List of high TB-burden countries]
Nepal, East Timor, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos
- ④ Copy of certificate of foreign-invested company registration
 - ⑤ Copy of business license
 - ⑥ Certificate of incorporation registration issued in the past three months
 - ⑦ Dispatch order in the case of employees dispatched to Korea (issued by the head office in principle and with a specified period) and certificate of employment (issued by head office)
 - * The dispatch order must be issued by the investor in the certificate of foreign-invested company registration in case of employees dispatched to Korea from a branch.
 - ⑧ Document certifying qualification as indispensable professional specialists (one of the following): Technical certifications (for engineers), certificate of career, company organizational chart, diploma
 - ⑨ Certifications of sales (including results of import and export);
 - Certificate of tax payment (including corporate tax, earned income tax, and value added tax)
 - ⑩ Copy of place of residence certification (residential lease agreement, etc.)
 - ⑪ Original copy of specification of change in shareholders
 - ⑫ 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)
 - ⑬ Copy of office lease contract

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

Required documents

For change of the status of stay and alien registration (where the founder of a company is a foreigner)

- ① **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act)
- ② Passport, color passport photo
- ③ Tuberculosis (TB) test certificate for nationals from high TB-burden countries (confirmation issued by the local community health center)

[List of high TB-burden countries]

Nepal, East Timor, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos

- ④ Copy of certificate of foreign-invested company registration
- ⑤ Copy of business license
- ⑥ Certificate of incorporation registration issued in the past three months
- ⑦ Original copy of specification of change in shareholders
- ⑧ Copy of place of residence certification (residential lease agreement, etc.)
- ⑨ Copy of office lease contract
- ⑩ 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
 - Incoming remittance details (if transferred) or customs declaration (if carried in)
 - Certificate of purchasing of foreign currency
- ⑪ Document certifying sales record (results of import and export, etc. if sales exist);
 - Certificate of completion of export declaration (import and export permit), Certificate of value-added tax
- ⑫ Copy of incorporate bank book with business dealings
- ⑬ Documents certifying expenditure of capital
 - Purchase receipt for goods
 - Office interior design expenses, etc.
 - Withdrawal and deposit records of incorporate bank book
- ⑭ Photograph (facade of building, office space, signboard of the company, etc.)
- ⑮ Document certifying business experience in the relevant industry or field (if necessary)

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

2. Foreigner with special ability (E-7) Visa

An E-7 visa is issued to a foreigner who works in a certain professional field (85 types) where professional knowledge, technology and skills are required for the enhancement of national competitiveness. A foreigner who has worked on a contract basis for a Korean company with certain qualifications can acquire this visa upon applying for confirmation of visa issuance, in principle. In the event that there is a limited availability of professional technicians in a high-tech field, a change of the status of sojourn may be permitted.

3. Dependent family (F-3) Visa

An F-3 visa is issued to the spouse and unmarried underage children accompanied by a foreigner with a D-8 or E-7 visa. The permitted period of stay of the dependent family members is identical to that of the D-8 or E-7 visa holder.

Required documents

F-3 visa (Change of the status of sojourn and alien registration)

- ① **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act)
- ② Passport, color passport photo
- ③ Tuberculosis (TB) test certificate for nationals from high TB-burden countries (confirmation issued by the local community health center)
- ④ Copy of alien registration card (D-8-1)
- ⑤ Marriage certificate (Certificate of family relationship)
- ⑥ Document certifying place of residence (including real estate contract)
- ⑦ Service fee
 - Revenue stamp of KRW 100,000 for changing the status of stay (administrative service fee)
 - Service fee of KRW 30,000 (cash only) for issuance of alien registration card

Required documents may vary for the review of the qualification of the applicant.

Required documents

F-3 (Extension of the period of sojourn)

- ① **Application form** (Attached form 34 of the Enforcement Rules of the Immigration Act)
- ② Passport, color passport photo
- ③ Alien registration card
- ④ Tuberculosis (TB) test certificate for nationals from high TB-burden countries (confirmation issued by the local community health center)
- ⑤ Copy of alien registration card (D-8-1)
- ⑥ Document certifying the place of residence (including real estate contract)
- ⑦ Service fee: Service fee of KRW 60,000 for extending the period

Required documents may vary for the review of the qualification of the applicant.

In Detail

Potential Issues related to Visa Application

If the period of validity of domestically issued documents is not stated, the period is understood to be in the past three months since issuance. Required

documents may vary for the review of an applicant's qualifications by the head of the local immigration office or regional immigrant service.

Type of the status of stay (36 types)

Category	Type of visa
Diplomacy, official business (A)	Diplomacy (A-1), Foreign Government Official (A-2), International agreement (A-3)
Visa exemption (B)	Visa Exempted (B-1), Tourist/Transit (B-2)
Short-term visit for nonprofit work (C)	Short-term News Coverage (C-1), Short-term Visit (C-3), Short-term Employee (C-4)
Long-term stay (D)	Korean Arts and Culture (D-1), Student (D-2), Industrial Trainee (D-3), General Trainee (D-4), Long-term News Coverage (D-5), Religious Worker (D-6), Intra-company Transferee (D-7), Business Investment (D-8), International Trade (D-9), Job Seeker (D-10)
Employment (E, H)	Professor (E-1), Foreign Language Instructor (E-2), Researcher (E-3), Technical Instructor (E-4), Professional (E-5), Culture and Entertainment (E-6), Foreigner with Special Ability (E-7), Non-professional (E-9), Vessel Crew (E-10), Working Holiday (H-1), Working visit (H-2)
Family Visitor and Dependent Family (F)	Visiting or Joining Family (F-1), Long-term Residence (F-2), Dependent Family (F-3), Permanent Residence (F-5) : excluding overseas Korean and refugees, Marriage (F-6)
Other (G)	Other (G-1)

Status of sojourn for overseas Koreans : C-3 (Short-term visit), F-1 (Visiting or accompanying family), H-2 (Working visit), F-4 (Overseas Korean), F-5 (Permanent residence)

Favorable Immigration Policies

The Korean government provides foreign investors with a variety of benefits in relation to their arrival, departure, and stay. 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 sojourn, alien registration, and extension of the period of stay can be processed in the same day for maximum convenience.

1. Favorable Treatment of Immigration to D-8 Visa Holders

A business investment visa (D-8) holder is granted to use the exclusive immigration fast track and is exempt from payment of processing fees concerning status of sojourn permits.

List of fee exemptions : Issuance of alien registration card (KRW 30,000), permit for extension of the period of sojourn (KRW 60,000), permit to change status of sojourn (KRW 100,000), permit for change/addition of workplace (KRW 120,000), re-entry permit (KRW 30,000-50,000)

No exemption is available for the service fee related to permission of activities beyond the current status of stay (KRW 120,000) or issuance of certificate of confirmation of alien registration (KRW 2,000)

2. Immigration Priority Card

An Immigration Priority Card is issued for management directors of 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

Category	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	
Businesses accompanying technologies for new growth engine industries	Businesses accompanying technologies for new growth engine industries

The arrived investment amount should be at least 50 percent of the notified amount to renew the expired Immigration Priority Card.

Application and contact : KOTRA Foreign Investor Support Center : +82-2-3497-1971

Long-term Residence and Permanent Residence for Investors and Executives of Large-scale Investments

1. Long-term Residence (F-2) Visa

A long-term residence (F-2) visa shall be granted for those who have invested at least USD 500,000 and resided in Korea for three years or longer on business investment (D-8) visa, and executives who have been dispatched to a foreign-invested company from a foreign company which has invested at least USD 500,000 in Korea after all documentation is submitted.

An F-2 visa shall be granted to an employer who has invested at least USD 300,000 and hired two or more Korean employees.

2. Permanent Residence (F-5) Visa

A permanent residence (F-5-5) visa shall be granted to a foreign investor who has invested at least USD 500,000 and hired five or more Korean employees.

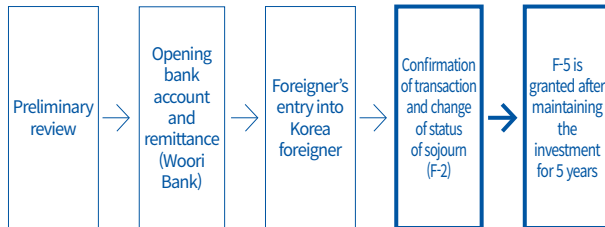
Executives of a foreign-invested company can also apply for a permanent residency visa. A permanent residency for special contribution (F-5-12) visa shall be granted to executives (auditor and director only) who have been dispatched to a foreign-invested company which has invested at least USD 5 million and have resided in Korea for at least three years after documentation is approved by the Minister of Justice.

Permanent residence shall be granted to one executive per every 10 Koreans employed as full-time employees, while the maximum number of executives granted permanent residency is ten per company.

Immigrant Investor for Public Business

A long-term residence (F-2) visa can be granted to a foreigner who has invested at least KRW 500 million in Korea and changed his/her status of sojourn to permanent residence (F-5) if the foreigner maintains the investment for five years. In this case, the foreigner's spouse and unmarried, underage children shall be granted the same privilege.

Procedure of Conditional Approval of Permanent Residence to Large Investment



In Detail

Immigrant Investor for Public Business

- In case of investing in a capital guaranteed interest-free fund designated by the Minister of Justice for five years or longer Preferential loan to a smart factory in which the immigrant investor fund utilized from the Ministry of Justice and the Korea Development Bank will be contributed to establish a smart factory in a SME.

- The fund guarantees the capital and is refundable at any time. The approved status of sojourn, however, shall be forfeited when all (or a partial amount) of the capital is collected.

Contact : Global Talent Visa Center of the Ministry of Justice :
+82-32-740-7788, 7600

Real Estate Investment Immigration System

Long-term residency (F-2) is granted to a foreigner who has invested at least KRW 500 million in resort facilities designated by the Minister of Justice. Permanent residence (F-5) can then be granted if the foreigner maintains the investment for five years.

In Detail

Notice to Immigrant Investors for Real Estate

1. Maintaining Investment Status

The investment qualifications are forfeited if the investment facilities are leased to another person, pledged as collateral, seized or sold.

An investor who loses his/her investment qualifications shall be deemed an unregistered alien and thus unable to stay in Korea with an investment visa.

2. Employment or Economic Activities

An investor with an investment visa is free in regard to employment, economic activities, and study, but is prohibited to operate or be employed in business regarding speculative acts or offensive acts against public morals.

3. Period of Permit for Re-entry

Investors who registered as an alien must enter Korea at least once a year or their alien registration shall be cancelled.

4. Extension of the period of stay

An investor with an investment visa should enter Korea before the expiration of the period of sojourn and obtain permission to extend the period from an immigration office or their alien registration shall be cancelled.

5. Contact

Immigrant Investor Center in the Ministry of Justice (+82-32-740-7888) Immigration Contact Center (+82-1345) Website (www.visa.go.kr)



INFORMATION

For More Information on Visa and Living in Korea

「Living in Korea 2020」 (KOTRA)

FAQ

Q1. What is the difference between a visa and the status of stay?

The status of stay refers to a legal status allowing an alien to stay in Korea and involve in certain activities. The Immigrant Act grants certain rights to the status of stay which is divided into 36 categories. In this sense, visa and the status of stay can be considered the same in practical terms.

ADVANTAGES



Tax Reduction and Exemption

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

Recipient	Tax reduction and Exemption	Related Law
Foreign-Invested Company	Reduction of and exemption from acquisition tax and property tax on acquired or held properties	Article 121-2 (4), (5) of the Act
	Exemption from customs duty, individual consumption tax, and value-added tax by bringing in capital goods	Article 121-3 (1), (2) of the Act
Foreign Engineer	Income tax reduction and exemption for foreigner engineer	Article 18 of the Act
Foreign-Worker	Special taxation for foreign workers	Article 18-2 of the Act

Eligibility and Procedure

1. Businesses eligible for tax reduction and exemption

Businesses eligible for tax reduction and exemption are defined in Article 121-2 of the Restriction of Special Taxation Act and 116-2 of the Enforcement Decree of the Act.

Eligible Businesses (related law)	Investment Requirements, etc.	
	Category	FDI Amount
-Technologies for new growth engine industries and source technologies -Technology for materials and production processes directly related to new growth engine industries and source technologies (Attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act, Attached Table 14 of the Enforcement Rules on 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 Foreign Investment Promotion Act and companies in a free trade zone, Jeju Advanced Science and Technology Complexes, Jeju Investment Promotion Zone, etc. that have undergone review and received approval by the relevant committees ※ Companies in a free export zone are granted the same tax reduction as companies in a Foreign Investment Zone (individual-type)	Manufacturing, etc.	At least USD 30 million
	Tourism	
	Resort	At least USD 20 million
	International conference facilities	
	Youth training facilities	
	Logistics	At least USD 10 million
	SOC	
	R&D	At least USD 2 million
Companies in a Free Economic Zone (Article 2 subparagraph 1 of the Special Act on Designation and Management of Free Economic Zones)	Joint venture	At least USD 30 million
	Manufacturing	
	Tourism	
	Resort	At least USD 10 million
	International conference facilities	
	youth training facilities	
	Logistics	At least USD 5 million
	Medical institutions	
Development project entity in Free Economic Zone (Article 8-3 of the Special Act on Designation and Management of Free Economic Zones)	R&D	At least USD 1 million
	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 percent	
Development project entities in Jeju Special Investment Promotion Zone (Article 162 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City)	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 percent	
Companies in a Foreign Investment Zone (complex-type) as prescribed by Article 18 (1) 1 of the Foreign Investment Promotion Act	Manufacturing	At least USD 10 million
	Logistics	At least USD 5 million
Companies in an enterprise city development zone (Article 2 subparagraph 2 of the Special Act on the Development of Enterprise Cities)	Manufacturing, etc.	At least USD 10 million
	Logistics	At least USD 5 million
	R&D	At least USD 2 million
Development project entities in enterprise city development projects (Article 10 (1) of the Special Act on the Development of Enterprise Cities)	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 percent	
Businesses or development project entities in the Saemangeum project area (Article 2 and 8 of the Special Act on Promotion and Support for Saemangeum Project)	Manufacturing	At least USD 10 million
	Tourism	
	Logistics	At least USD 5 million
	R&D	At least USD 1 million
Businesses for which a tax reduction or exemption is inevitably allowed (Article 10 (1) 2 and 5 of the Act on Designation and Management of Free Trade Zones)	Manufacturing	At least USD 10 million
	Logistics	At least USD 5 million

INFORMATION

1. Technologies for New Growth Engine Industries and Source Technologies

(40 fields in 11 categories, 173 technologies in total)

Category	Field
Future Vehicles	Autonomous vehicles, electric vehicles
Intelligent Information	Artificial intelligence, IoT, cloud, big data, wearable smart appliances, IT convergence, blockchain, quantum computer
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 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
Composite & Integrated Materials	High performance textiles, ultra-light metal, hyper-plastic, titanium
Robots	High-tech manufacturing robots, medical robots, service robots, robots in general
Aerospace	Unmanned vehicles, space technology

※ Related law : Attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act (Amended Feb. 2019)

2. Technologies for Materials and Production Processes Directly Related to New Growth Engine Industries and Source Technologies

(11 for materials, 5 for production processes, 16 technologies in total)

Type Classification	Technology
Material Technology	High-density semiconductor material technology
	Flexible conductive material technology
	Micro-LED material technology
	Battery material technology for electric vehicles
	Material technology for functional smart sensors
	Technology for carbon composite new materials
	Multi-material technology for 3D printing (green, medical, and aesthetic use)
	High performance chemical new material technology
	Technology of micro-bio semiconductor materials for genetic tests
	Organic-Inorganic Hybrid Nano-Materials Technology
	Super Engineering Plastic (SEP) material technology
Process Technology	Intelligent power semiconductor module technology
	Production technology of wide and flexible OLED
	Technology for machining and processing of metallic materials
	Functional (thermostable, ultra-small) lens resin and manufacturing process technology
	Technology for improving the precision of OLED material patterns

※ Related law : Attached Table 14 of the Enforcement Rule of the Restriction of Special Taxation Act (Newly Inserted, Mar. 2017)

2. Procedure

A foreign-invested company that intends to obtain tax reductions or exemptions or to alter the details of its business subject to a decision on tax reduction or exemption shall file an application for tax reduction and exemption with the Minister of Strategy and Finance (with the administrative authorities of Free Trade Zones when the company is in the FTZ)

※ Related law : Article 121-2 (6) of the Enforcement Rules of the Restriction of Special Taxation Act

The International Economic Policy Division (+82-44-215-7625) of the Ministry of Economy and Finance accepts applications for tax reduction and exemption. A foreign investor who wishes to apply for tax exemption and FDI notification at the same time may file the application with a foreign investment notification at the same time at foreign exchange banks (delegated agencies) or KOTRA.

※ Related laws : Article 15-3 of the Enforcement Rules of the Restriction of Special Taxation Act, 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

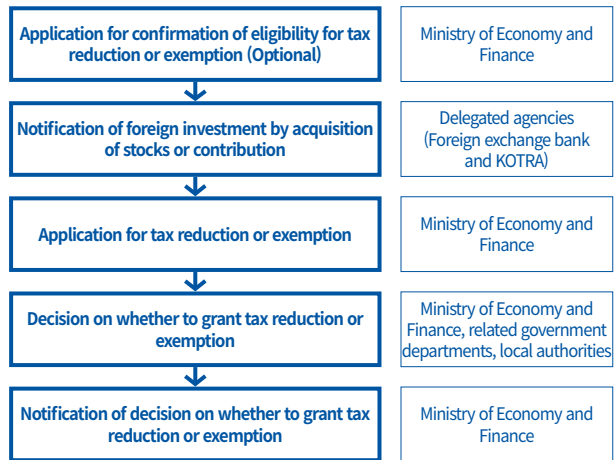
In the case of new investment, an application for tax reduction and exemption shall be filed by the end of the taxable year in which the date its business commences. Where the details of the business granted tax reduction or exemption are altered, an application for change shall be filed by no later than two years from the date the grounds for the relevant alteration arised.

Required documents

Application for tax reduction and exemption or alteration

- ① **Notification** (Attached Form 1 of the Enforcement Rules of the Foreign Investment Promotion Act)
: Notification form of foreign investment by acquisition of stocks or contribution and application for approval)
 - ② Application for tax reduction or exemption or application to amend the details of tax reduction or exemption
(Attached Form 80 of the Enforcement Rules of the Restriction of Special Taxation Act)
 - ③ Documents 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
 - ④ Copy of business license
 - ⑤ Certificate of foreign-invested company registration
- Submit 3 copies of each document.

Application procedure for tax reduction and exemption



① Prior verification of eligibility for tax reduction and exemption

A foreign investor may request to verify whether a business he/she or it intends to operate is eligible for tax reductions or exemptions 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 reductions or exemption shall be required additionally after notifying FDI.

※ Related law : Article 121-2 (6), (7) of the Restriction of Special Taxation Act

Required documents

Prior verification of eligibility for tax reduction and exemption

- ① Application for prior verification of eligibility for tax reduction or exemption (Attached Form 81 of the Enforcement Rules of the Restriction of Special Taxation Act)
 - ② 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.

② Decision and notification of tax reduction or exemption

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 make any revision to the particulars of reduction or exemption within 20 days, following negotiation with the relevant Minister and the head of local government. He/she shall notify thereof to the applicant, the director of the National Tax Service, the commissioner of Customs and the head of local government. However, an extension of the review period by up to 20 days is allowed in inevitable cases.

③ Preliminary notice of ineligible business for tax reduction or exemption

The Minister of Economy and Finance shall, when intending to determine a business as ineligible 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 application date. 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 make any revisions to the particulars of reduction or exemption within 20 days of the date on which the request is delivered and notify the applicant of the result thereof.

※ Related law : Article 121-2 (8) of the Restriction of Special Taxation Act, Article 116-3 (1)-(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

Check List

Checklist for Application for Tax Reduction or Exemption of New Growth Engine Industry

Things to Check	Yes	No
1. Confirm whether the technology is written in the attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act or the attached Table 14 of the Enforcement Rule of the Act (filling in the exact details on the application for tax reduction and exemption) e.g. '3-Visual recognition technology' under 'a. AI' of the '2. Intelligent information' in the attached Table 7 of the Enforcement Decree of the Restriction of Special Taxation Act(technologies for new growth engine industry technologies)	<input type="checkbox"/>	<input type="checkbox"/>
2. Submit documents certifying that the technology concerns the business accompanying a new growth engine industry technology necessary for upgrading the domestic industrial structure and enhancing domestic industries' global competitiveness - patent rights, certificates of authorized institution, test results, evaluations or other reports certifying the qualification of the technology concerned	<input type="checkbox"/>	<input type="checkbox"/>
3. Submit a description of the technology		
① Submit a key point summary of the technology (1~2p)	<input type="checkbox"/>	<input type="checkbox"/>
② Submit a description of technical features and its details	<input type="checkbox"/>	<input type="checkbox"/>
③ Write down the business activities to conduct with the technology	<input type="checkbox"/>	<input type="checkbox"/>
4. Submit the documents certifying the plan for installation or operation of factory (work place) to conduct the business activities with the technology		
① Submit a description of production methods and process chart (for manufacturing technologies)	<input type="checkbox"/>	<input type="checkbox"/>
② Document certifying the location of the factory that produces products using the technology	<input type="checkbox"/>	<input type="checkbox"/>
5. Verify whether the business is directly related to a business entitled to tax reduction or exemption and concerning the part of the production process where new growth engine industry technologies are needed	<input type="checkbox"/>	<input type="checkbox"/>
6. Submit a notification of foreign investment by acquisition of stocks or contribution	<input type="checkbox"/>	<input type="checkbox"/>
7. Submit the Korean translation for documents written in English or other languages	<input type="checkbox"/>	<input type="checkbox"/>

Source: Ministry of Economy and Finance

1. Reduction 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.

Subject to Reduction and Exemption : Property Acquired or Held since the Date of Business Commencement

Category	Business	Period and Ratio of Reduction and Exemption
Acquisition Tax and Property Tax (Property Tax on Land)	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 percent 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 percent of tax reduction or exemption for 2 years thereafter

※ Related law : Article 121-2 (4) of the Restriction of Special Taxation Act

In Detail

Exception: Property acquired or held before the date of business commencement

Acquisition tax on property acquired after the foreign-invested company is notified of a decision on tax reduction or exemption shall be fully exempted irrespective of the date of business commencement.

Property tax shall be reduced or exempted during the period above and by the percentage above since the reduction and exemption period for property tax is calculated from the 'acquisition date', not from the 'business commencement date.'

※ Related law : Article 121-2 (5) of the Restriction of Special Taxation Act

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 Restriction of Special Taxation Act or raises the reduction/exemption ratio within the scope of the extended period, the extended period or ratio shall be observed, irrespective of the above reduction and exemptions prescribed by the Restriction of Special Taxation Act.

2. Reduction and Exemption of Tax Including Customs Duty, Individual Consumption Tax, and Value-added Tax 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 Restrictions of Special Taxation Act.

- 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 Restriction of Special Taxation Act

① Application

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

② Due Date for Application

The import declaration for the capital goods subject to tax reduction and exemption under the Customs Act shall be completed within five years from the date of reporting the investment under the Foreign Investment Promotion Act. However, if the import report cannot be completed within the above period due to other inevitable reasons such as delayed approval of factory founding, the government may apply for an extension of one year to the Minister of Strategy and Finance for approval before the end of the period (a total of six years).

③ Exception

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

Required documents

Reduction and exemption of tax including customs duty, individual consumption tax, and value-added tax for capital goods

- ① Application form for exemption from customs duties, individual consumption tax and value-added tax (foreign investment) (Form 83 of the Enforcement Rule of the Restriction of Special Taxation Act)
- ② A copy of documents demonstrating that the relevant business is eligible for tax reduction or exemption (written decision for tax reduction or exemption)
- ③ A copy of documents certifying capital goods imported as instruments, etc., of foreign payment or an object of investment
- ④ A copy of the statement of details of imported capital goods confirmed

※ Related law : Article 51-5 of the Enforcement Rules of the Restriction of Special Taxation Act

Range of Additional Collection of Customs Duty and Local Tax by Each Cases for Additional Collection

Cause for additional collection	Tax	Amount subject to additional collection
Cancellation of registration or business closure	Customs Duties, Individual Consumption Tax, Value-Added Tax, 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, etc.	Customs Duties, Individual Consumption Tax, Value-Added Tax	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 abated for 5 years retroactively from the date of transfer multiplied by transfer ratio of the share, 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, Value-Added Tax, 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, Value-Added Tax	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) 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 Restriction of Special Taxation Act, Article 116-8, 9 of the Enforcement Decree of the Act

④ Additional Collection of Reduced or Exempted Tax and Exclusion

Where any of the events prescribed by the Restriction of Special Taxation Act occur in relation to the company that is eligible for tax reduction or exemption, customs duties and local tax are collected in addition by the head of customs (head of the relevant customs office) and the head of the local government. However, additional collection of tax reduced or exempted is excluded in cases of dissolution, etc. of a foreign-invested company due to merger.

Reason for exclusion of additional collection of reduced or exempted tax are as follows.

1. Where the registration of a foreign-invested company is revoked as it is dissolved by a merger
2. 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 from the Minister of Strategy and Finance
3. 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
4. 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
5. Where the purpose of tax reduction or exemption is deemed achieved, which is prescribed by other law.

Cases prescribed by other laws : Article 116-10 (2) of the Enforcement Decree of the Restriction of Special Taxation Act

※ Related law : Article 121-5 (5) of the Restriction of Special Taxation Act, Article 116-10 (2) of the Enforcement Decree of the Act

3. Tax Support for High-Level Foreign Human Resources

① Income Tax Reductions for Foreign Engineers

A foreign engineer shall be granted a tax reduction equivalent to 50 percent of the income tax on the earned income from the offer of his/her services to a Korean national until the month in which the date falling on five years from the date the foreign engineer started to offer his/her services in Korea falls.

Provided, that, a foreign engineer related to material, parts and equipment prescribed by Presidential Decree shall be granted a tax reduction equivalent to 70 percent of the income tax on the earned income from the offer of his/her services to a national in the Republic of Korea until the month in which the date falling on three years from the date, and 50 percent reduction for the consecutive two years.

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

of investment in research facilities, at least 30 percent of the total number of voting stocks issued by a foreign-invested company

2. A researcher working in the research and development facility of a foreign-invested company

Application : A foreigner who started to provide services in Korea for the first time on or before December 31, 2021

5 or more of research staff, independent research facilities, at least KRW 10 million

※ Related law : Article 18 of the Restriction of Special Taxation Act

② Special Taxation for Foreign Workers

The tax on the earned income of a foreign worker (foreign executive or employees excluding daily employed workers), in other words, the amount of income tax on earned income that the foreign worker receives in return for his/her labor in Korea until the taxable period that ends within five years from the date the person first provides labor in Korea (sunset provision applies only to foreigners who start to provide services in Korea for the first time on or before December 31, 2021), may be calculated by multiplying the relevant earned income by 19 percent instead of applying the general income tax rate.

③ Workers at a Regional Headquarters

The amount of income tax on earned income that a foreign worker receives in return for his/her labor in the regional headquarters prescribed by the Foreign Investment Promotion Act until the taxable period that ends within five years from the date the person first provides labor in Korea, may be calculated by multiplying the relevant earned income by nineteen percent.

Special taxation also applies for a foreigner who starts to provide services in Korea for the first time after December 31, 2021

※ Related law : Article 18-2 of the Restriction of Special Taxation Act

④ Application of Special Taxation

A foreign worker shall submit a wage and salary income earner's return on income deductions and tax credits, and an application for flat tax rate for foreign workers in the form (attached Form No. 8 of the Enforcement Rules of the Restriction of Special Taxation Act) stipulated by Ordinance of the Ministry of Strategy and Finance to the withholding agent, taxpayers' union, or the head of a tax office having jurisdiction over the place of tax payment, when making a year-end settlement of earned income tax amount or filing a final return of global income tax base.

※ Related law : Article 16-2 of the Enforcement Decree of the Restriction of Special Taxation Act

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The Korean government abolished the corporate tax and income tax reduction and exemption system that had been provided to foreign-invested companies at the end of 2018, but retained the reduction and exemption for the local taxes (acquisition and property taxes), customs duties, individual consumption taxes, and value-added tax cuts as they had been. However, an entity that has been designated as being eligible for reduced corporate tax and income tax is ensured for the determined period of exemption even after 2019.

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

① Tax Credit for Investment of Certain Facilities, etc.

The investment amount to facilities corresponding to the requirements shall be deducted from corporate income tax in accordance with a calculation of a certain ratio.

Facilities	Corporate Tax Credit Rate
Facilities for research and vocational training	SMEs 7%, Middle-standing enterprise 3%, Conglomerates 1%
Facilities for energy saving	
Facilities for improving productivity	SMEs 10%, Middle-standing enterprise 5%, Conglomerates 2%
Environmental preservation facilities	SMEs 10%, Middle-standing enterprise 5%, Conglomerates 3%
Facilities for worker's welfare	
Safety facilities	SMEs 7%, Middle-standing enterprise 5%, Conglomerates 1%

※ Related law : Article 25 (1) of the Restriction of Special Taxation Act

② Tax credits for investment in facilities for commercializing new growth engine technologies

If a company that invests in facilities by no later than December 31, 2021, for commercializing new growth engine technologies as prescribed by the Restriction of Special Taxation Act, satisfies certain conditions, the tax on the investment is deducted from the company's corporate tax.

Requirements for Tax Credit	Tax Credit Rate
Investment in facilities for technologies for new growth engine industries and source of (Refer to attached Table 8-8 of the Enforcement Rules of the Restriction of Special Taxation Act), at least 2 percent of R&D investment to sales for the previous year, and no decrease in the number of full-time employees compared to the five year before.	SMEs 10%, Middle-standing enterprise 7%, Conglomerates 5%

※ Related law : Article 25-5 of the Restriction of Special Taxation Act, Article 22-9 of the Enforcement Decree of the Act

③ Tax Reduction and Exemption for the Occupants in an Enterprise City, Special Research and Development Zones, etc.

Recipients	Related Law for Tax Reduction and Exemption	Reduction and Exemption of Corporate tax
Special Research and Development Zones	Article 12-2 of the Restriction of Special Taxation Act	
Enterprise city, Regional development area	Article 121-17 of the Restriction of Special Taxation Act	
Jeju Island	Article 121-8, 9 of the Restriction of Special Taxation Act	100% exemption for 3 years + 50% reduction for the next 2 years
Yeosu Ocean Expo Special Zone	Article 121-17 of the Restriction of Special Taxation Act	
Asian Cultural Hub City Investment Promotion Zone	Article 121-20 of the Restriction of Special Taxation Act	
Financial hubs	Article 121-21 of the Restriction of Special Taxation Act	
High-tech Medical Complex	Article 121-22 of the Restriction of Special Taxation Act	

④ Tax Credit for Enterprises for Increasing Jobs

Tax support for enterprises increasing jobs
(amount of tax credit for 1 additional job)

(Unit: KRW 10,000)

	SMEs		Middle-standing enterprises	Other companies
	Metropolita area	Regional area		
Regular youth employees and workers with disabilities	1,100	1,200	800	400
Other full-time workers	700	770	450	-
Period of tax credit	3 years			2 years
Date of Enforcement	Dec. 31, 2021			

※ Related law : Article 29-7 of the Restriction of Special Taxation Act, Article 26-7 of the Enforcement Decree of the Act

⑤ Tax reduction and exemption for start-up enterprises located in special areas for responding to the employment and industrial crises

An entity which establishes a company in a designated business type* or sets up a new business (except for cases of relocating existing workplace) in a special crisis area by December 31, 2021, shall be eligible to receive a reduction and exemption of corporate tax or income tax. A 100-percent exemption on corporate tax and income tax shall be provided for 5 years from the business year in which income occurs (limit varies depending on the size of the company).

* 31 types of small or medium start-up enterprises prescribed by Article 6 (3) of the Restriction of Special Taxation Act

※ Related law : Article 99-9 of the Restriction of Special Taxation Act

Special Taxation for SMEs

Type of Enterprise	Requirements for Tax Reduction and Exemption	Reduction and Exemption of Corporate Tax
Small and medium start-up enterprises	18 types of small and medium-sized start-up enterprises prescribed by the Restriction of Special Taxation Act, such as manufacturing, construction, restaurants and mobile food service activities, mail-order sales, etc.	<ul style="list-style-type: none"> • Small and medium-sized youth start-up enterprises <ul style="list-style-type: none"> – Seoul metropolitan overpopulation control areas: 50 percent of tax reduction for 5 years – Out of Seoul metropolitan overpopulation control areas: 100 percent of tax exemption for 5 years • Small and medium sized start-up enterprises: 50 percent of tax reduction for 5 years * Eligible for reduction or exemption of tax by 100 percent depending on an increase in employment compared to the previous year
	46 types of SMEs prescribed by the Restriction of Special Taxation Act, such as manufacturing, mining and quarry construction, etc.	<ul style="list-style-type: none"> • Special tax reduction and exemption (5~30 percent of reduction for corporate tax)
SMEs	Investment in business assets designated by the Restriction of Special Taxation Act on SMEs and Middle-standing enterprises located outside of the Seoul metropolitan overpopulation control area * N/A for the middle-standing enterprises with employment decrease	<ul style="list-style-type: none"> • Investment tax credit <ul style="list-style-type: none"> – 3 percent of the investment shall be deducted from corporate tax (Middle-standing company: 1~2% with verification depending on the region) * Tax credit ratio shall be increased where a company invests in a special area of crisis.

※ Related law : Article 5~7 of the Restriction of Special Taxation Act

INFORMATION

Definition of Small and Medium-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 must belong to a category stipulated as the business for an SME.

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

※ Please refers 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

3. Independence Standard Company does 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 percent 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 no longer qualifies as such due to an expansion in size or exceeding the standard, it can be regarded as an SME for a specified period only once.

4. Enquiries concerning SME

① **Call center** : +82-1357 (FAX) +82-42-472-6083

② **Online** : Ministry of SMEs and Startups

(www.mss.go.kr)  civil petition affair → online civil petition

③ **By letter** : Customer Information Service Office of Ministry of SMEs and Startups in Daejeon Government, 1-dong, 189, Cheongsu-ro, Seo-gu, Daejeon, 35208 Republic of Korea

④ **By visit** : Contact and visit the officer in charge of civil petition (+82-42-481-8933) at Customer Information Service of Ministry of SMEs and Startups in Daejeon Government Complex.

⑤ **Biz-info**(www.bizinfo.go.kr) 

This website provides real-time information on projects to support small- and medium-size enterprises that are being implemented by 450 government agencies and local governments, etc.



Location Support for Foreign Investment Zone

Matters concerning the designation, development, notification, management, and cancellation of designation of Foreign Investment Zones are stipulated by the Foreign Investment Promotion Act, which revitalizes 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.

※ Related law : Article 18~20 of the Foreign Investment Promotion Act, Article 25 and 26-2 of the Enforcement Decree of the Act, Article 16 of the Enforcement Rules of the Act, Guidelines for Operation of Foreign Investment Zones (Public notice 2018-628, Ministry of Trade, Industry and Energy)

Only FDI by acquisition or longer of newly-issued stocks and long-term loans of five years or longer are recognized as an investment amount meeting the requirements for moving into foreign investment zones. The amount equivalent to acquisition of existing stocks or holding ratio by round-trip investment shall not be calculated as the amount of FDI.

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 is up to 50 years and 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 credits depending on the investment.

1. Type of businesses Eligible for Occupancy

The categories of business eligible to take the 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.

- Business holding technologies for new growth engine industry (Restriction of Special Taxation Act)
- Categories of business in which 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)
- Combined logistics terminal operation (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 percent (10 percent in cases of standard-type factories of Daebul Foreign Investment Zone, and 50 percent in case of combined-logistics terminal operation and courier activities). 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 between FIZs or where a foreign-invested company increases the foreign investment by at least 30 percent of the total number of voting stocks or total amount of contribution, 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

Factory construction area should satisfy the standard area ratio of a factory of the relevant category of manufacturing business (12 percent 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 related to the amount of funds to be invested by the size of the area where the foreign-invested company intends to move into.

4. Rents and Rental Security Deposits

Annual rent in a complex-type FIZ shall be determined by multiplying the acquisition value(referring to the publicly announced land price, where a publicly announced individual land price exceeds the acquisition value) of the relevant complex-type FIZ by at least 1 percent. 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 Strategy and Finance and a mayor/provincial governor, in an amount calculated by multiplying the acquisition value by at least 5 percent.

Rental security deposits : it shall be an amount calculated by multiplying the acquisition value by at least 5 percent and paid in cash. Companies in foreign investment zones may instead request to replace a cash payment with the submission of a guarantee insurance policy or payment certificate of bank.

5. Reduction and Exemption of Rents

In applying a rate of reduction and exemption, the investment amount that has been paid in full to invest shall be construed as the amount of foreign investment, and the time that falls a month before the issuance of payment notice of the rent shall be construed as the date of calculation of number of full-time workers. The rents for national and shared properties are 5 percent or more of acquisition amount but the companies in FIZs may lease the site with 1 percent or more of the acquisition amount.

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

Reduction rate	Business	Condition		Notes
		Investment amount	Number of full-time employee	
0%	Occupancy company	Market rental fee (1 percent of acquisition amount)		
50%		National industrial complex, general industrial complex, urban high-tech industrial complex and agricultural and industrial complex		
75%		At least USD 5 million	-	-
		At least USD 2.5 million	70-150 or less	-
90%	Manufacturing	At least USD 2.5 million	150-200 or less	-
		At least USD 5 million	-	Companies in material and components complexes
100%		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 general rent, real rent is 5 percent of acquisition amount (in case of rent for national or shared property)

※ Related law : Article 19 of the Foreign Investment Promotion Act

6. Occupancy System for Suppliers

In case a company with occupancy in an FIZ requests that their suppliers with no foreign-held shares be permitted to occupy a part of the factory for the purpose of process shortening or cost reduction, it shall be permitted to move into the area under the evaluation by the committee and consent of the Minister of Trade, Industry and Energy.

The contract shall be made within the remaining period of contract and should be renewed every five years. The area allowed for a subcontractor to move in shall not exceed 30 percent of the total building area of the factory of the relevant relocated company.

Individual-type Foreign Investment Zones

An individual-type Foreign Investment Zone (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

The FIZ shall be designated when new factory facilities (or workplace) are built or newly installed on existing buildings by the same corporation to install factory facilities, machines, facilities, and devices 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

The FIZ shall be designated when factory facilities (or workplace) are newly installed which satisfy the required investment amount.

Required Investment Amount	Type of Business
At least USD 30 million	Manufacturing business, new growth engine industrial technology business, computer programming, system integration and management services, data processing, hosting, and other related service activities
At least USD 20 million	Resort condominium business, tourist business (tourist hotel business, floating tourist hotel business, korean traditional hotel business), specialized resort business, general resort business, general amusement complex business, international convention facilities, youth training facilities
At least USD 10 million	Combined logistics terminal business, 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, project creating revertible facilities
At least USD 2 million	A research and development facility to engage in industry-supporting service business or business accompanying high technology under the Enforcement Decree of the Restriction of Special Taxation Act The number of regular workers in exclusive charge of research with at least a master's degree related to the business and at least 3 years' research career must be at least 10 persons.

※ Related law : Article 25 of the Enforcement Decree of the Restriction of Special Taxation Act

The amount of foreign investment that was executed before application for designation shall be excluded. However, the amount that has been paid as the foreign investment shall be recognized as the amount of foreign investment if it is recognized that it was used for the purpose of receiving foreign investment areas, including real estate purchases in areas designated as individual-type FIZs. If two or more foreign investors are designated as individual-type FIZs, they shall enter into contracts with the foreign investors on the implementation and performance obligations of their investment plans on the year of the designation.

3. Application for Designation

To designate an individual-type FIZ, a mayor or provincial governor shall make the designation plan including the following documents and file it to the Minister of Trade, Industry and Energy.

4. Rent and Limit on Occupancy

The rent for Individual-type FIZ may be reduced by 100 percent if the Foreign Investment Committee decides that it will have a positive effect on the national economy. The size of the area is less than 50 percent of the foreign investment amount by the company.

5. Alteration of Designation

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

[Appendix : Current state of designated Individual-type FIZ]

Required documents

Designation plan for an Individual-type Foreign Investment Zone

- ① Details of investment, scale of employment, and details of business of foreign-invested companies to take occupancy in the foreign investment zone Attached Form no. 2 of the Guidelines for Operation of FIZ
- ② Viability of foreign investment to be induced
- ③ Funding plans
- ④ Plans for supporting major facilities in the foreign investment zone
- ⑤ Managing institution
- ⑥ The implementer of the development project
- ⑦ A land utilization plan and a plan for major infrastructure
- ⑧ Specified details of land, buildings, other articles or, if any, rights to be expropriated or used
- ⑨ Other matters prescribed by the Foreign Investment Committee

※ Related law : Article 25 ⑥ (2) of the Enforcement Decree of the Foreign Investment Promotion

Service-type Foreign Investment Zones

It is an area designated for lease or transfer 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 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 by reviewing whether it is suitable for 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, the effect of increasing employment, etc., while the effect of providing financial support when submitting a plan to designate new or extended foreign investment areas as a service within the region.

2. Requirements for Designation

The land or building to be designated should be available for immediate occupancy and the foreign-invested company's occupancy demand for which foreign investment notification was completed should be specified. However, a certain area in a national or public property (including buildings) has been designated in advance, companies that completed foreign investment notification must account for at least 30 percent of the designated space.

3. Type of Business subject to Moving into the Zone

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

A foreign-invested company with an FDI stock ratio of 30 percent or more shall move into the zone only when registered until the time of the occupancy contract.

Minimum Number of Employees per Industry in 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		
Knowledge service	15 or more researchers	
Cultural industry		

- 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.
- The investment requirements above the standard amount of foreign investment in individual-type FIZ prescribed by the Article 25 (1) of the Enforcement Decree of the Foreign Investment Promotion Act shall be met in case of the tourism industry.

※ Related law : Attached Table 3,4 of the Guidelines for Operation of Foreign Investment Zones

5. Lease

Where a services-type FIZ is a site for lease, an occupancy contract shall be made for a period not exceeding ten years in total (fifty years for research and development service business); in contrast, where a services-type FIZ is any building 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 former lease period.

6. Subsidization of Rents for Buildings

The state or a local government may subsidize the rent for buildings in a services-type FIZ. In such cases, the state or a local government may subsidize an amount not exceeding fifty percent of the standard rent, but the standard rent shall not include a rental security deposit.

7. Lease and sale of State or Public Property

It is permissible for a foreign-invested company to use or profit from land, factories, or other property owned by the state, local government, public institution, or local public enterprise, which may lend or sell such land, etc., to the foreign-invested company, etc. by a negotiated contract, notwithstanding the relevant provisions of other Acts.

※ Excluded Acts : The State Property Act; The Public Property and Commodity Management Act; The Act on the Management of Public Institutions; The Urban Development Act; The Act on the Development and Management of Logistics Facilities; The Fishing Villages and Fishery Harbors Act; The Act on the Development, Management, etc. of Marinas.

① **Qualification for Negotiated Contract**

A foreign-invested company should possess 30 percent or more of FDI ratio and maintain the minimum required stock ratio for 5 years from the date of the negotiated contract.

Exceptions for maintaining the minimum foreign investment ratio:

- If a foreign-invested company notifies foreign investment creating new employment exceeding the number of regular workers prescribed by Presidential Decree within three years
- If a foreign-invested company notifies foreign investment satisfying requirements for designation as an individual-type FIZ within five years
- If a foreign-invested company is granted a tax reduction or exemption for its new growth engine industrial business technology
- In cases recognized as necessary by the Minister of Trade, Industry and Energy after deliberation by the Foreign Investment Committee.

② **Period and Rate of Lease for Land, etc.**

The period of lease shall be negotiated within 50 years notwithstanding the State Property Act, Public Property and Commodity Management Act, Urban Development Act, etc., while the lease rate shall be 1 percent of the land price. The lease period is available to be renewed but not permitted to exceed the length of the period. (to be enforced on 2020)

③ **Duty to Restore after the Termination of Lease Period**

Despite specified laws such as the State Property Act, factories or permanent facilities shall be established on the leased land but conditions for restoration should be attached. (to be enforced in 2020)

※ Related law : Article 13 of the Foreign Investment Promotion Act, Article 19 of the Enforcement Decree of the Foreign Investment Promotion Act



Q1. In the case that a company that moves into an FIZ through foreign investment joint ventures makes a capital increase to expand their business without a foreign investor investing, which would result in the foreign investment share ratio falling below 30 percent, should they pay real rent due to non-compliance with the qualification?

The reduction rate shall continue to be applied if the tenant company fails to maintain its occupancy qualification by increasing only domestic capital to install the plant or machinery, facilities and devices without reducing the amount of foreign investment after the execution of the business plan. In this case, the FDI stock ratio of 10 percent or more should be maintained.

Q2. What is the period for an fulfillment of the project plan for the company with occupancy in an FIZ?

The period shall be 5 years from the occupancy contract date, and its implementation shall be determined with the remaining amount of foreign investment and the building area after the 5-year period.

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?

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

[Appendix : Current state of designated Complex-type FIZ]

Q4. What is the period for fulfillment of the project plan after moving into a service-type FIZ?

The period for fulfillment of the project plan (amount of foreign investment, area for construction of buildings, and minimum number of persons to be employed) of a relocating company shall be 3 years from the date the occupancy contract is concluded. On the other hand, the period shall be 5 years in case of the complex-type and individual-type FIZ.

Q5. Can a company that move into a service-type FIZ benefit from tax reduction and exemption?

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



Cash grant

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

Eligibility for Cash Grant

A foreign investment where the ratio of foreign investment is at least 30 percent and foreign investment with long-term borrowing shall not be eligible for cash grant support.

1. New Growth Engine

Research and development of technologies for new growth engines and source technologies, materials process technology directly related to new growth engine technologies

※ Related law : Type of industry according to Article 121-2 (1) 1 of the Restriction of Special Taxation Act, attached Table 7 of the Enforcement Decree of the Act, attached Table 14 of the Enforcement Rule of the Act

2. High Technology

Establishment of new or additional factories for high technology and high-tech product industry

※ Related law : Article 5 of the Industrial Development Act, Public notice no. 2019-121 by the Ministry of Trade, Industry and Energy released, 2019.07.26(to be enforced in 2020), attached Table 1 of the range of high technology and high-tech product

3. Materials and Components

Textile, pulp, chemicals, medicine, 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 the Promotion of Specialized Enterprises, etc. for Materials and Components, attached Table 1 of the Enforcement Rule on the Act.

4. Creation of Employment

Manufacturing, construction, transportation, information services 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.

Attached Table 2 of the Enforcement Decree of the Foreign Investment Promotion Act

5. R&D Center

Where the number of regular employment of full-time researchers is five or more persons holding a bachelor's degree related to the business in the field of new growth engine technology, high technology and high-tech product, and parts and materials (to be enforced in 2020) with at least three years' research experience, and a research facility is newly installed or expanding to conduct research and development activities for the business.

※ Related law : Article 14-2 (1) 4 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 percent 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 Decree of the Foreign Investment Promotion Act

7. Others

Where local specialized industry and specialized industry of cooperative inter-region play a central role in creating jobs and strengthening competitiveness of the relevant region with recognition of contribution to regional economic development.

※ Related law : Article 2 subparagraph 4, 5 of the Act on Balanced National Development

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 of the Enforcement Decree of the Foreign Investment Promotion Act

Comparison of Allotment Ratio of Financial Fund between Central and Local Government

Items	Seoul Metropolitan Area (central: local overnment)	All regions outside the Seoul Metropolitan Area (central: local government)
<ul style="list-style-type: none"> • Purchase costs of, or rental charges for, land or buildings • Building costs of a facility • Purchase costs of capital goods, research equipment and materials • Installation costs of infrastructure 	30:70	60:40
Employment subsidies or education and training subsidies	50:50	

Application

An application shall be submitted to The Ministry of Trade, Industry and Energy (Department of FDI Promotion) with support of the overseas investment hub offices in KOTRA, Invest KOREA or the local government. The FDI Cash Grant Support Center in Invest KOREA and its project managers (PM) provide consultation on whether or not the requirements are met, applications and screening procedures.

INFORMATION

Role of Investment Strategy Team (FDI Cash Grant Support Center) IK
Contact for cash grant consultation : +82+2-3460-7852, 7834

1. Consultation

The FDI Cash Grant Support Center provides consulting and support concerning the requirements for cash grant system, application procedure and application documents to foreign investors, local government and related agencies

2. Demand Survey

The FDI Cash Grant Support Center conducts regular surveys for foreign investors and foreign-invested companies wishing to receive cash grants, shares the survey results to central and local governments, and increases the predictability of the size of cash support by region and by period.

3. Evaluation and Examination

The FDI Cash Grant Support Center includes an evaluation committee and cash grant ceiling calculation committee to evaluate and calculate the ceiling of cash grant, and provide review service for drawing up the cash grant contract.

4. Appointment of the Negotiator and Project Manager

Foreign investors can request consultation or negotiation with the Ministry of Trade, Industry and Energy before and after applying for cash grant, in which case the Ministry of Trade, Industry and Energy and the local government designate and notify the person in charge of the negotiations, and KOTRA designates a project manager (PM) to support the applicant.

Process of Cash Grant

Process	Entity	Details
Application for cash grant	(Application) Investor (Company)	Submission of application and investment plan
	(Reception) Ministry of Trade, Industry and Energy	Designation of negotiator
	(Support) KOTRA	Designation and application of PM
↓		
Examination	Cash grant evaluation committee	Establishment of cash grant evaluation committee and examination of the application
↓		
Calculation	Ceiling calculation	Establishment of ceiling calculation committee and examination of the application
↓		
Creating recommendation (negotiation agenda)	Ministry of Trade, Industry and Energy - Local Government - Ministry of Economy and Finance	Preparation of recommendation (negotiation) and submit it to foreign investment committee
↓		
Deliberation and decision	Foreign investment committee	Decision on whether to provide cash grant
↓		
Conclusion of contract	Ministry of Trade, Industry and Energy - Local Government - Investor	Cash grant can be paid after contract conclusion (lump-sum payment or payment in installments)
↓		
Follow-up management	KOTRA	Perform investment and review execution result, review the details of cash grant execution

1. Application Documents

A foreign investor wishing to receive a cash grant should submit attachments such as cash grant application and investment plans, as well as a PM's comments on the cash grant to the Ministry of Trade, Industry and Energy.

Required documents

Application for cash grant

- Attached form no. 11-3 form of the Enforcement Rules of the Foreign Investment Promotion Act)
- The investment plan and summary of plan • A financial statement of the applicant (including the financial statement of the foreign-invested company in case of subsequent investment)
- Certificate of payment by source of invested funds • Certificate of foreign investment notification (where the investment has been notified)
- Where the PM's opinion on FDI is required, a PM's comments

Submit 5 copies of each document.

※ Related law : Article 20-3 of Enforcement Decree of the Foreign Investment Promotion Act, Article 4 of the Operation Guidelines for the Cash Grant System

Required documents

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 choosing Korea as an investment destination (including statement on Korea's strengths and weaknesses compared with other investment destinations)
- 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 assistance.

※ Related laws : Article 4 (4), (5) of the Operation Guidelines for the Cash Grant System

2. Review of Application

An Evaluation Committee consisting of the PM from Invest KOREA and professionals from the Ministry of Trade, Industry and Energy and local government shall be held to evaluate eligibility for cash grant. The level of technology and the technology transfer effect (as technology evaluation), whether the foreign investment overlaps with any domestic investment (as industrial evaluation), and the viability of investment (as financial evaluation) shall be evaluated.

3. Evaluation of Limit Cash Grant Ceiling

A cash grant ceiling calculation 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, and a report shall be submitted to the Ministry of Trade, Industry and Energy. The cash grant shall be negotiated between the negotiator and foreign investor within the ceiling determined by the committee.

4. Negotiation and Decision of Cash Grant Amount

The Ministry of Trade, Industry and Energy shall negotiate the cash grant with the Minister of Economy and Finance and related local government, and following the negotiation, it shall be determined through deliberation and resolution by the Foreign Investment Committee and executed after a contract for the cash grant is concluded. However, a contract for cash grant may be concluded through deliberation and resolution by the Foreign Investment Working Committee where the amount of cash grant excluding the amount of relocation support is less than KRW 1 billion.

Processing period : Cash grants shall be determined within 60 days from the receipt of the application except where unavoidable, and the period may be extended by up to 30 days.

5. Payment Method

A cash grant may be paid in a lump sum within one year from the date the contract is concluded or in up to ten installments within five years from the conclusion of the contract. The applicant shall open a separate account and perform accounting for the cash grant received, clearly distinguishing it from his/her own revenue and expenditure.

For installment payments, the applicant shall submit an application which includes the scale, purpose, details, etc. of the cash grant for the relevant year, and the cash grant shall be paid within the scope of cash grant agreed upon by the contract for a cash grant, in accordance with the following methods, after evaluating the performance of the investment expenditure plan, actual execution of the cash grant, etc., but may adjust the amount and timing for payment.

Timing for Installment Payment

Expenses	When to pay
Land purchase costs	The cost shall be paid after concluding a contract for purchase of the land by dividing them into interim payment(s) and final payment.
Rents of land	The amount shall be paid in accordance with the lease contract concluded between the applicant and the proprietor of the leased land or its entrusted manager.
Building costs, costs for purchasing capital goods, research equipment and materials, and costs for installing infrastructure, such as electricity and communications facilities	The cost shall be paid based on the evaluation of the performance in implementing the investment expenditure plan.
Education and training subsidy and employment subsidy	The subsidy shall be paid based on the evaluation of the performance in implementing the employment plan during the investment period.
Others	Other matters regarding the payment method and return of cash grants shall be governed by the Subsidy Management Act and the Local Finance Act.

※ Related law : Article 9 of the Operation Guidelines for the Cash Grant System

6. Conclusion of Contract

Where a decision to provide a cash grant is made, the Minister of Trade, Industry and Energy shall conclude a contract for such cash grant, which provides for the period of a contract for cash grant, the method of the payment, and acquisition or lease of land for rent, with the head of the relevant local government and applicant.

In Detail

1. Follow-up Management

The Minister of Trade, Industry and Energy and the head of the relevant local government shall annually verify whether the applicant has complied with the investment expenditure plan, employment plan, and has achieved the trade balance or service balance improvement effects during the contract period.

The applicant shall submit a report on the use of the cash grant received to the Minister of Trade, Industry and Energy and the head of the relevant local government within two months therefrom. In addition, the applicant shall return the remaining balance of the cash grant provided in the relevant year and the interest accrued thereon when the cash grant is completed.

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.
- 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.

INFORMATION

1. Prior Examination System

Where necessary to proactively attract foreign investment expected to have a significant effect on the national economy, the president of KOTRA may recommend the Minister of Trade, Industry and Energy to first prepare a negotiation agenda for the prior examination of cash grant and submit it to the Foreign Investment Committee.

The Minister of Trade, Industry and Energy shall submit to the Foreign Investment Committee the negotiation agenda through consultations with the Minister of Strategy and Finance (including consultations with the relevant local government, where a local government in charge is confirmed).

The negotiation agenda shall include whether it approves cash grant to the relevant foreign investment; minimum requirements for cash grant and minimum or maximum amount of cash grant (or ratio); and items that are negotiable in the course of negotiations, etc.

Where the negotiation agenda are approved, the negotiator shall complete the contract with the foreign investor within one year (can be extended by up to an additional one year) from the date of approval of the negotiation agenda, and request cash grant application. The cash grant contract shall be concluded after the application and consultation between the Minister of Economy and Finance and the head of the local government.

⇒ Submission of a report on domestic and overseas market trends, pro forma financial statement for the following five years, and comments of the PM can be exempted.

※ Related law : Article 13-16 of the Operation Guidelines for the Cash Grant System

2. Curtailment or restitution of the subsidy

Where such reasons occurred including false or unfair application, the support shall be cancelled or withdrew or the subsidy shall be curtailed or collected after the deliberation by Foreign Investment Committee. (to be enforced on 2020)

Where the negotiation agenda are approved, the negotiator shall complete the contract with the foreign investor within one year (can be extended by up to an additional one year) from the date of approval of the negotiation agenda, and request cash grant application. The cash grant contract shall be concluded after the application and consultation between the Minister of Economy and Finance and the head of the local government.



Q1. Is a company moving into Foreign Investment Zone eligible to apply for a cash grant?

A company that receives rented land such as 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 : Article 8 (7) of the Operation Guidelines for the Cash Grant System



R&D Support

The Republic of Korea has a systematic industrial infrastructure and excellent human resources, which makes the country an optimal place for activities. Moreover, the Korean government has been providing support for activities, which are the foundation of national competitiveness, as well as for sustainable development, including the creation of future growth engines as well as high-tech technologies. Corporate research and development activities can benefit from research personnel, taxation, tariffs, funds and technical support through reports of business-affiliated research institutes and R&D departments, and projects that support R&D can receive support benefits similar to those of corporate research institutes such as research personnel, taxation and finance through applications for R&D services. In particular, foreign-invested companies may receive additional investment incentives such as cash grant, tax exemption, and location support if they have research and development facilities that meet certain requirements.

Business-Affiliated Research Institute, etc.

Business-affiliated research institutes and departments solely responsible for R&D shall receive various supportive incentives for its R&D activities by reporting and registering to the Korea Industrial Technology Association.

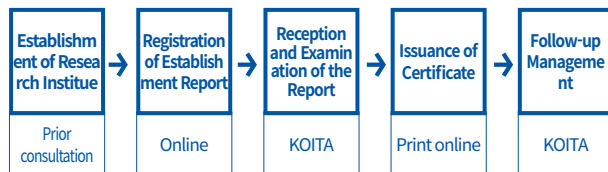
※ Related law : Article 14-2 of the Basic Research Promotion and Technology Development Support Act, Article 16-2 of the Enforcement Decree of the Act

Current status : 40,693 business-affiliated research institutes, 27,787 departments solely responsible for R&D (as of Sep. 2019)

1. Method of Reporting

After the establishment of business-affiliated research institutes or departments solely responsible for R&D meeting certain qualifications, the required documents to report shall be prepared and reported to the Korea Industrial Technology Association (KOITA). Reporting is only available online.

Process of Reporting



Due Date for Processing : Processing shall be completed within seven days of the reception of the report. However, the time it takes for the company to correct incomplete application forms and submit omitted documents shall not be included in the processing period.

Contact (Application for business-affiliated research institutes or departments solely responsible for R&D)
KOITA research institute approval team +82-2-3460-9141~46, 9013~17

2. Requirements for Approval

Business-affiliated research institutes or departments solely responsible for R&D must satisfy both human requirements and physical requirements in order to receive approval.

Classification			Requirements to report
Human requirement	Business-affiliated research institutes	Start-ups	2 or more researchers solely responsible for research
		SME established by researchers	
		Small-sized company	3 or more researchers solely responsible for research
		Medium-sized company	5 or more researchers solely responsible for research
		Corporate research institutes located out of Korea (Overseas research institutes)	
		Middle-standing company	7 or more researchers solely responsible for research
		Conglomerates	10 or more researchers solely responsible for research
Physical requirement	Departments solely responsible for R&D	Applied regardless of company size	1 or more researcher solely responsible for research
	Required facilities and space		Independent research space and facilities essential for R&D activities

In Detail

Criteria of the Requirements for the Approval of Research Institutes

① Qualifications of a Researcher Solely Responsible for Research

The holder of a bachelor's degree or higher in the field of science (natural science, engineering, and medical fields) shall have at least one year's experience or more in research and development, or be a technical and functional engineer related to the R&D activities under the National Technology Qualification Act.

* This criteria applies to any company regardless of its size, but separate qualification criteria shall be applied in the case of small and medium-sized enterprises, middle standing enterprises, and companies whose main area of business is industrial design and knowledge-based services.

② Research Space and Facilities

The walls shall be divided into fixed walls so that all sides can be distinguished from other departments and independent spaces with separate entrances shall be secured. In the case of small businesses, it is permitted to divide a small research space (full area of 30㎡ or less) into other departments and partitions and attach the signboard of the laboratory to the partition to operate the research institute.

Machinery, equipment, instruments and materials to be used directly in R&D activities must exist in the research space.

※ Related law : Article 2 (3) of the Enforcement Rules of the Basic Research Promotion and Technology Development Support Act

3. Support Provided

A company that registered its business-affiliated research institutes or departments solely responsible for R&D is eligible to receive support for taxation, customs duties, employment, funds, sales channels and technology.

① Tax and Customs Duties Support

		Related laws
Tax credit for research expenses and HR development expenses	General research	Article 10 of the Restriction of Special Taxation Act (Attached Table No. 6)
	New growth engine	Article 10 of the Restriction of Special Taxation Act (Attached Table No. 7)
Tax credit for expenses for R&D, HR development and facility investment		Article 25 of the Restriction of Special Taxation Act
Local tax reduction for the real estate to be used as a business-affiliated research institute		Article 46 (1) of the Restriction of Special Local Taxation Act
Special taxation for technology transfer and leasing, etc.		Article 12 of the Restriction of Special Taxation Act
Income tax reduction for foreign engineers		Article 18 of the Restriction of Special Taxation Act
Special taxation for the contributions related to R&D, etc.		Article 10-2 of the Restriction of Special Taxation Act
Corporate tax reduction for high-tech companies in special research and development zones		Article 12-2 of the Restriction of Special Taxation Act

Non-taxation of income tax for research and activity funds for a researcher solely responsible for research

Article 12 Subparagraph 12 Item c of the Enforcement Decree of the Income Tax Act

Customs duty exemption for industrial technology R&D goods

Article 90 (1) 4 of the Customs Act

② Financial Support

Department	Main Contents	Related Project Information
Ministry of Science and ICT	Support for technology development business	National Research Foundation of Korea(www.nrf.re.kr) Korea Foundation for the Advancement of Science and Creativity (www.kofac.re.kr) National IT Industry Promotion Agency (www.nipa.kr)
Ministry of Trade, Industry and Energy	Development of core technology of industries, etc.	Korea Institute for Advancement of Technology (www.kiat.or.kr) Korea Evaluation Institute of Industrial Technology (www.keit.re.kr)
Ministry of SMEs and Startups	Business of technology development, etc. for new product	Korea Technology & Information Promotion Agency for SMEs (www.tipa.or.kr) Ministry of SMEs and Startups (www.smtech.go.kr)

③ Technical Support

Department	Main Contents	Related Project Information
Ministry of Trade, Industry and Energy	Reliability voucher project (Support to material development)	www.신뢰성바우처.org
	K-Global projects	k-global@nipa.kr www.nipa.kr
Ministry of Science and ICT	Support to industry-study cooperation cluster	www.koita.or.kr
	Follow-up R&D project of joint academic research institute	
Ministry of SMEs and Startups	Support for consulting of small- and medium-size company	www.smbacon.go.kr
	Support for acquisition of overseas standard certification	www.exportcenter.go.kr
Korea Intellectual Property Office	Strategy support business for IP-R&D	http://biz.kista.re.kr/ippro
	Support for patent technology evaluation related to commercialization	www.kipa.org

④ Employment Support

Support Provid	Details	Contact
Expert research personnel system	Substitute for military service	KOITA +82-2-3460-9124
Research manpower support project for small- and medium-sized company (employment, dispatch)	Support of personnel expenses when employing research manpower	KOITA+82-2-3460-9082
Support project for core research manpower development for companies of middle standing	Support of personnel expenses when employing research manpower	KIAT+82-2-6009-35122
Youth Tomorrow deduction	Support for young adults' savings	Ministry of SMEs and Startups +82-1357
Project internship linking ICT academic credits	Support for the cost internship programs	Federation of Korean Information Industries +82-2-2132-0726
Capacity-building project for industrial professionals	Funding for professional human resources development	KIAT+82-2-6009-4375
Project for invitation of high-level overseas scientists (Brain pool)	Funding for invitation and research support	National Research Foundation of Korea
Letter of employment recommendation system (Gold Card)	Employment recommendation of overseas technical talent	KOTRA +82-2-3460-7338
Global talent discovery service	Support attraction of overseas professionals	KOTRA+82-2-3460-7337
Subsidy of additional employment of the young	Support of employment subsidy	Ministry of Employment and Labor
Meditation center for science and engineering human resources	Meditation of science and engineering human resources	KOITA +82-2-3460-9033

Research and Development Service Business

Research and development service business is an industry that is responsible for outsourcing R&D includes research and development business that conducts research and development in the fields of science and engineering independently for profit-making or by entrustment and research and development support business supporting research and development in the fields of science and engineering through the provision of technology information, consulting, testing, analysis, etc., for profit. With the reporting and registration of research and development service business to Korea R&D Service Industry Association (Agency of the Ministry of Science and ICT), it is possible to participate in national research and development



projects and receive various support from the government.

※ Related law : Article 2, 25 of the Special Act on Support of Science and Engineers for Strengthening National Science and Technology Competitiveness
 Current Status: 821 research and development businesses, 710 research and development support businesses (Aug. 2019)

Type of Research and Development Service Business

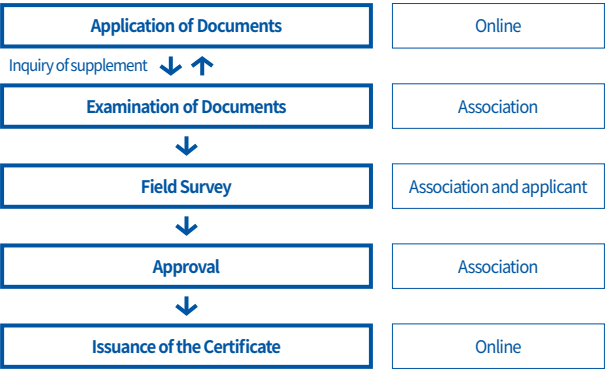
Type of the Business	Business Contents	Business to Report
Research and development business	A business to independently develop and supply technology required by the market or to undertake (subsidiary research) some or all of the R&D activities for companies that do not meet the demand for R&D.	<ul style="list-style-type: none"> - R&D for physics, chemistry and biology - Agriculture R&D - Engineering and technological R&D - Other natural science R&D - R&D business in the field of convergence related to science and engineering industry
Research and development support business	R&D consulting, R&D planning and evaluation, leasing and trading of research equipment, technology management and technology strategies, and the securing and support of technical personnel required for scientific and technological information, to support R&D activities of R&D players.	<ul style="list-style-type: none"> - R&D consulting specialist - Technology market research specialist - Specialist for patent administration and its agency - Investment and financing technology development, mediation and agency of technology trading - Material component inspection business - Structure and product inspection business - R&D product design - Supply of researcher and education and training - R&D support for business in the field of convergence related to science and engineering industry

Source : Korea R&D Service Industry Association, System of application and support for R&D service business

1. Method of Reporting

A business owner of an R&D service with certain qualification shall receive certification as such after completing an online application, examination of documents and field survey.

Procedures for Reporting a Research and Development Service Business



Due date : The process shall be completed within 30 days after the receiving the report. However, a supplemental period for the incompletion of the application or related documents shall not be included.

Contact (Application of research and development service business) Korea R&D Service Industry Association
Tel +82-2-540-4172, Fax +82-2-540-4132
e-mail : korsia@mdservice.or.kr / Website : www.mdservice.or.kr

2. Requirements for Approval

All of the human requirements, physical requirements and turnover requirements must be met for the recognition of the business.

Requirements	R&D Business	R&D Support Business
Human Resource Requirements	5 or more scientists or engineers	2 or more scientists or engineers
Physical Requirements	Independent research facilities	N/A
Turnover Requirements	R&D service sales account for 50% or more of total sales	

3. Support

A company registered as an R&D service business is permitted to participate in national research and development projects and receive support for human resources, taxation, and funding, etc.

① Human Resources Support for R&D

Support provided	Details	Contact
Selection of designated entities for expert research personnel (special cases of military service)	Selection etc., of Designated Entities (Article 36, 39 of the Military Service Act)	KOITA +82-2-3460-9124

Korea Industrial Tehcnology Association (KOITA) will receive the application for selection of designated entities for expert research personnel (special cases of military service)

② Major National Research and Development Projects to Support

Ministry of Science and ICT	Ministry of Trade, Industry and Energy	Ministry of SMEs and Startups	Ministry of Land, Infrastructure, and Transport	Ministry of Agriculture, Food and Rural Affairs
<ul style="list-style-type: none"> · Basic research project · Space technology development · Nuclear R&D · Nuclear fusion and accelerator R&D support · Information and communication broadcasting R&D · Industrial technology development 	<ul style="list-style-type: none"> · Energy technology development · Promotion of technology transfer and commercialization · Technology development related to electric power industry 	<ul style="list-style-type: none"> · Support for cooperative utilization of research equipment · Technology innovation · development of small and medium sized business · Hybrid technology development of small and medium sized business · Commercialization technology development of small and medium sized business · ESP (Technology specialist business) 	<ul style="list-style-type: none"> · Construction technology research · Plant research · National territory information research · Railroad technology research · Aviation safety technology research 	<ul style="list-style-type: none"> · Livestock disease response · technology development · High value-added food technology development · Agricultural life industry technology · High-tech production technology development · Post-genome · Ethical, Legal and Social Implications

Appropriation of labor cost in cash for R&D service business) If an R&D service business participates in national research and development projects, the labor cost for R&D shall be appropriated in cash to support R&D activities.

③ Tax Support

Support Provided	Details
Tax reduction for small and medium start-up companies, etc.	Reduced income tax or corporate tax rates for small businesses designated as small and medium-sized businesses and research and development service companies identified as operators of start-up incubating centers outside the overpopulation control areas of the Seoul Metropolitan Area.
Application of special cases for small and medium start-up companies	Reduction of income tax or corporate tax rate according to the size and location of R&D and R&D support activities among SMEs
Tax credit for R&D cost to R&D business	Deduction of a certain percentage of R&D expenses incurred by a company from corporate tax or income tax
Tax reduction for facility investment concerning research and human resource development	A certain percentage of investment is deducted from income tax or corporate tax for research and human resources development by Koreans or facility investment (excluding used goods) for the commercialization of new growth technologies.
Tax credit for the amount of technology transfer and acquisition	In the event that a Korean national transfers and acquires patent rights, utility bills, technical secret or technology, a certain percentage of the acquisition amount is deducted from income tax or corporate tax for the year.
Special tax reductions or exemptions for small and medium-sized companies	A system of reducing a certain percentage from income tax or corporate tax rate for small and medium-sized businesses.
Special cases of taxation on R&D related contributions, etc.	Where assets including contributions for research and development are received, the equivalent amount shall be excluded from gross income when calculating the amount of income.
Tax reduction for high-tech companies moving into special research and development zone	High-tech or small research companies in special R&D zones shall receive a reduction in income tax (corporate tax) when businesses subject to reduction are engaged in projects subject to reduction.

④ Financial Support

Support Provided	Details
Technology assurance system	The Korea Technology Finance Corporation provides financial support from financial institutions by issuing technical guarantee certificates after reviewing the technical skills of small- and medium-size enterprises.
Technology assessment system	A system to evaluate the technicality, business feasibility and marketability of an intangible technology and display the amount, grade, and opinion.
Contact	Korea Technology Finance Corporation (KIBO): +82- 1544-1220



4. Processing

Reporting of research and development service business establishment is only available online, and requires additional documents related to the company after online documents reception, examination and field survey.

Q1. Is a company that focuses only on R&D without any other department and whose representative manages the company by him/herself eligible to apply for Departments solely responsible for research and development?

The applicant must have a department except for business-affiliated research institute or department solely responsible for research and development and have at least one permanent employee (excluding the representative director) working in other department. The researchers solely responsible for research and the permanent employee must be subscribed to Korea's 4 major insurances.

Q2. Is a research activity concerning economic trend, etc., able to be recognized for application to a business-affiliated research institute or department solely responsible for research and development?

Research activities other than those in science and technology such as market research and economic trends are not subject to recognition. The final output should be related to science and technology progress and be aimed at a systematic solution to scientific and technological uncertainties. Daily repetitive software-related activities, operation of computer systems in the company, or incase of the product's test phase being completed and changed to commercial production are not the R&D activities.

Q3. What are the differences between a business-affiliated research institute and department solely responsible for research and development?

The physical requirement for application registration is same for both a business-affiliated research institute and a department solely responsible for research and development, but department solely responsible for research and development requires one researcher for its establishment with the human requirement easing. Tax benefits including taxation and customs duties is same for both of them, but there are some differences for part of local taxation(including acquisition tax and property tax) and special cases of military service system.

Q4. Is a researcher in business-affiliated research institute able to engage in other tasks such as sales support outside of the R&D activities?

No person working in any business-affiliated research institute, etc., shall assume any duties other than research and development activities, including any business activities relating to production, selling, and sales. However, this excludes cases where any person working in a business-affiliated research institute, etc., of a small enterprise for which three years have not passed since the date of its establishment, concurrently serves as a chief executive officer of the small enterprise.

※ Related law : Article 14-4 of the Basic Research Promotion and Technology Development Support Act



Management support

Incubation,
Education Training,
Employment,
Immigration

Business Incubation

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 with secretarial service, exclusive business lounges and rooms for consultation, video conference or meetings, and sleeping and shower facilities, thus maximizing convenience for foreign investors.

Influential foreign investors capable of vitalizing the national economy and creating jobs and added value or foreign-invested companies that invested at least USD 300,000 may take occupancy of offices in IKP after passing a review.

Overview of IKP Facilities

Front view



Lobby and cafeteria



Meeting room (80 seats)



Office (for 5 persons)



Office (for 2 persons)



Business lounge

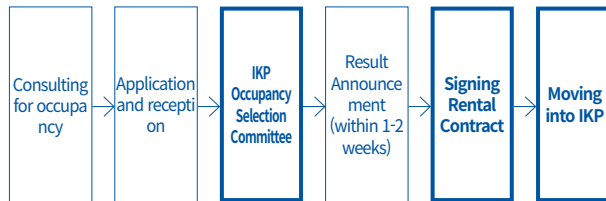


Photographs: Invest KOREA website / Office size: 21.82m² ~ 32.4m² (for 2 persons), 50.24m² (for 5 persons) / Office size and type may vary depending on the circumstances.

Moving into IKP Business Incubating Facilities

Category	Details
Selection criteria	Foreign-invested company: examination of minimum investment (notified amount) and business plan etc., negotiations on conditions for occupancy, and selection through internal review * There are extra points for a recommendation from a KOTRA overseas invest hub offices or project managers in charge of attracting foreign direct investment
Contract period	Foreign-invested company: 2 years; companies in an industry in which the government attracts investment strategically may extend the period additionally.
Rental fee	KRW 33,000/㎡(including VAT), deposit: 6 months of rental fee
Support provided	Support for utilizing the office and business center for foreign-invested companies' initial settlement · Guaranteeing information exchange and networking via PM for the contract period

Procedure of Application



IKP Occupancy Consulting

Invest KOREA, Investment Strategy Team +82-2-3497-1003

E-mail : ikp@kotra.or.kr

Subsidies for Education and Training and Employment

Local governments may provide education and training subsidies as well as employment subsidies to foreign-invested companies under the ordinance of the local governments concerned for the purpose of attracting foreign investment. In this case, the government may provide financial support to local governments.

※ Related law : Article 14 (1) of the Foreign Investment Promotion Act, Article 20 (1) of the Enforcement Decree of the Act, Article 6 and 7 of the Criteria for Financial Support by the National or Local Governments Attracting Foreign Investment, Ordinances of each local government

1. Qualification

Education and training subsidies and employment subsidies shall be provided to a foreign-invested company with a foreign investment ratio of at least 30 percent and registered no more than five years ago.

2. Scale of Support

The government will provide KRW 500,000 per month to local governments for a period of less than six months per person. Accordingly, the amount of support may vary according to local government ordinances.

Companies can benefit up to KRW 6 million per person for six months (with KRW 3 million each provided by the central and local government, respectively).

Support Provided

Type of Subsidy	Support Provided	Notes
Education and training subsidy	If educational training is conducted after hiring 20 or more Korean nationals, a subsidy of KRW 100,000-500,000 per month will be provided for up to six months, with the maximum amount of subsidy being the amount provided by the local government.	Application should be filed in the year following the year of education or training
Employment subsidy	New factory If 20 or more new employees are hired, subsidies of KRW 100,000-500,000 per month will be provided, with the maximum amount of subsidy being the amount provided by the local government.	Application should be filed in the year following the year in which the new employment is made.
	New research facility If 10 or more new employees are hired, subsidies of KRW 100,000-500,000 per month will be provided, with the maximum amount of subsidy being the amount provided by the local government	

Recruitment Support

The Korean government and KOTRA are expanding their online and offline projects in various directions in order to raise the brand awareness of excellent foreign-invested companies and create opportunities for foreign-invested companies to meet talented Korean youths. A major project for recruitment of foreign-invested companies is a job fair for foreign-invested companies and a recruitment fair for foreign-invested companies, sponsored by the Ministry of Trade, Industry and Energy and managed by KOTRA.

1. Job Fair for Foreign-Invested Companies

Held since 2006, this is the oldest and largest project supporting the recruitment of foreign-invested companies. The fair includes a recruitment zone (1:1 in-depth interview, consultation for application) and additional events (recruitment information session, job consulting, and job search techniques, etc.), all of which are managed with the participation of about 150 foreign-invested companies.

2. Recruitment Fair of Foreign-Invested Company

This is a job fair held during Invest KOREA Week (the largest event for foreign investment held in every November). About 90 foreign-invested companies participate in this fair which is mainly comprised of in-depth interviews for company recruiting. In addition, an exclusive recruitment site for foreign-invested companies exists on online job sites to support year-round recruitment.

3. Other Support

The Korea Industrial Technology Association (KOITA) proceeds with various recruitment support projects through the establishment of a science and engineering human resource agency center in order to satisfy the demand of foreign-invested companies looking for talented human resources in the field of science and engineering. The Ministry of Employment and Labor (MOEL) and Korea Employment Information Service (KEIS) operate the website WORKNET, an integrated online platform for job information. The Korea Industrial Complex Corporation holds on- and off-line job fairs to meet the human resources demands of companies in industrial complexes located in regional areas and supports their employment through the KICOX JOB website.

Major Recruitment Support

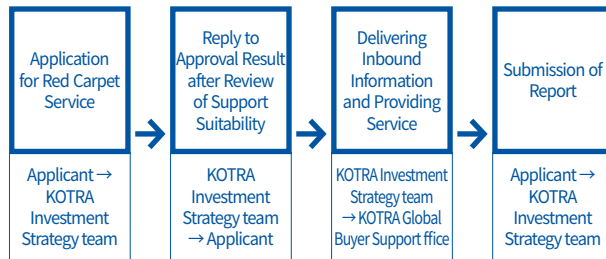
Sponsor	Ministry of Trade, Industry and Energy		Ministry of Employment and Labor	Ministry of Science and ICT
Supervisory Organization	KOTRA	Korea Industrial Complex Corporation	Korea Employment Information Service (KEIS)	KOITA
Online	Exclusive recruitment site for foreign-invested companies	KICOX JOB	WORKNET	R&D JOB
Offline (Fair and expo)	Job expo for foreign-invested companies/ Recruitment fair for foreign-invested companies	Job fair for industrial complexes	Various job fairs (targeting youth to elderly)	Job fair and natural sciences and engineering

Immigration Support : Red Carpet Service

Such one-stop service for all matters required from airport arrival to the time of departure shall be provided to a foreign investor with certain qualifications. The service shall be separated into basic and premium services. Basic service includes entry and vehicle support, while premium service includes vehicle support throughout the itinerary, coordination of investment counseling and PM performance support. Gate pick-up service and CIQ support services apply only at Incheon International Airport where the KOTRA Global Buyer Support office is located. There are no departure support services.

* CIQ : Customs, Immigration, Quarantine

Application Process



Applicant : KOTRA overseas office, local government and related organizations, investment attraction PM

Contact : KOTRA Investment Strategy Team : +82-2-3460-3226

INFORMATION

Since recruiting high quality human resources is one of the top priorities for a company, which organizations offer detailed information for participation in employment programs supported by the government or KOTRA?

- ① Foreign-Invested Companies' Recruitment Support Team of KOTRA
+82-2-3460-7846, 7877, 7829
Website (Foreign-Invested Company Job Fair) : www.jobfairfic.org
(Exclusive Recruitment site for Foreign-Invested Company)
: www.jobkorea.co.kr/theme/kotra?rv=1
- ② Technical Professionals Support Team of KOITA
+82-3460-9121 Website (R&D JOB) : www.mdjob.or.kr
- ③ Korea Employment Information Service (KEIS)
+82-1577-7114 / Website (WORKNET) : www.work.go.kr
- ④ Employment Service Center for Companies in Industrial Complexes : 26
support centers in 11 regions +82-70-8895-7000 /
Website (KICOX JOB) : www.cluster.or.kr/kicoxjob

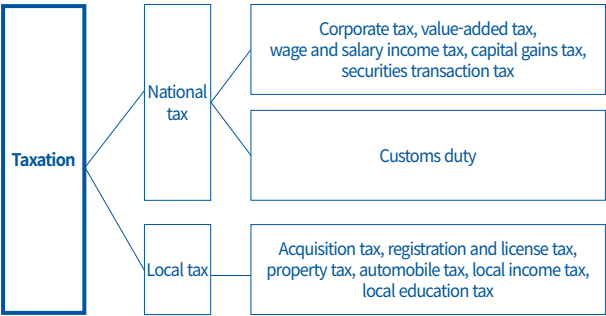
PRACTICE



Taxation

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 tax regarding international transaction between special related parties including foreign investors and the insufficient capital tax system.

Major Taxes Related to FDI



National Tax

1. Corporate Tax

Corporate tax is an income tax imposed on corporations. Incorporated associations and foundations, including for-profit and non-profit corporations, are taxed like general corporations.

① Taxpayer and Taxable Income

Domestic corporations and foreign corporations with domestic source income from each business year, income from liquidation, and capital gains such as gains from the transfer of land, etc. income from liquidation, and capital gains such as gains from the transfer of land, etc. Income for each business year is calculated by adding or subtracting profits and losses under the Corporate Tax Act from the net income of a corporation.

② Business Year

The business year shall be one accounting period determined by decree or 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	10%
More than KRW 200 million, but not exceeding KRW 20 billion	KRW 20 million + (Amount over KRW 200 million x 20%)
More than KRW 20 billion but not exceeding KRW 300 billion	KRW 3.98 billion + (Amount over KRW 20 billion x 22%)
Exceeding KRW 300 billion	KRW 65.58 billion + (Amount over KRW 300 billion x 25%)

When paying corporate tax, local income tax (10 percent 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	1 st Jan -31 st Mar	1 st Apr -30 th Jun	1 st Jul -30 th Sep	1 st Oct -31 st Dec
Due on report and tax payment	1 st Apr -25 th Apr	1 st Jul -25 th Jul	1 st Oct -25 th Oct	1 st Jan-25 th 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 www.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. Wage and Salary Income Tax (for workers)

Wage & salary income tax is a tax levied on the price of providing and receiving work. 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 (payment, 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.

Tax rate

Tax Base	Tax Rate
KRW 12 million or less	6% of the tax base
More than KRW 12 million but not exceeding KRW 46 million	KRW 720,000 + (15% of the amount exceeding KRW 12 million)
More than KRW 46 million but not exceeding KRW 88 million	KRW 5.82 million + (24% of the amount exceeding KRW 46 million)
More than KRW 88 million but not exceeding KRW 150 million	KRW 15.9 million + (35% of the amount exceeding KRW 88 million)
More than KRW 150 million but not exceeding KRW 300 million	KRW 37.6 million + (38% of the amount exceeding KRW 150 million)
More than KRW 300 million but not exceeding KRW 500 million	KRW 94.6 million + (40% of the amount exceeding KRW 300 million)
Exceeding KRW 500 million	KRW 174.6 million + (42% of the amount exceeding KRW 500 million)

Local tax is imposed in addition to income tax.

In Detail

Obligation of Tax Payment on Wage and Salary Income from Nonresident

- ㉔ Wage and salary income received from a foreign institution or UN Forces (excluding US Forces) stationed in the Republic of Korea

㉕ 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 percent 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 in-kind contribution to a corporation. This book covers only capital gains tax on transfer of stocks or shares that frequently occur between foreign investors. In the case of capital gains, some countries are subject to taxation while others are tax exempt under tax treaties.

① Taxpayer and Taxable Income

The person who actually transferred the assets for value is obligated to pay tax, and the taxable income is the amount calculated by deducting necessary expenses from the transfer price.

② Reporting Deadline

Capital gains tax shall be filed within two months of the end of the half-year in which the resident transfers an asset.

③ Tax Rate

㉔ Stocks, etc. Transferred by Majority Shareholders

- Stocks, etc. of a corporation, excluding small and medium size enterprises, held for less than a year: 30 percent of the tax base
- Stocks, etc. that do not fall under the above

Tax base	Tax rate
KRW 300 million or less	20%
Exceeding KRW 300 million	KRW 60 million + (25% of the amount in excess of KRW 300 million)

⑥ Stocks, etc. Transferred by a Person other than the Majority Shareholder

- Stocks, etc., of small and medium-size enterprises: 10% of the tax base
- Stocks, etc. that do not fall under the above: 20% of the tax base

In Detail

Scope of Majority Shareholders

- Where transferring stocks, etc., by March 31, 2020: A person who owns 4% or more of shares or KRW 1.5 billion of each stock item
- Where transferring stocks, etc., by March 31, 2021: A person who owns 4% or more of shares or KRW 1 billion or more of each stock item
- Where transferring stocks, etc., on or after April 1, 2021: A person who owns 4% or more of shares or KRW 300 million or more of each stock item

Article 167-8 of the Enforcement Decree of the Income Tax Act

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

The taxpayer shall file the tax within two months of the last day of the quarter to which the transfer date belongs. However, the tax for transfer of unlisted stocks shall be filed 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, etc.) is 0.5 percent (to be 0.45 percent from Apr. 1st 2020).

INFORMATION

National Tax Service consulting

General consulting: +82-126

English consulting: +82-1588-0560

Local tax

Taxable Objects and Payment Deadline

Tax	Taxable Objects and Purpose	Payment Period and Deadline
Acquisition Tax	- Imposed on an individual who acquired real estate, 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	- Within 60 days of the date of acquisition
Registration and License Tax	- Classified into registration tax imposed on registration and filing for causes other than acquisition; and license tax imposed on authorization and permission	- Each year from Jan. 16 to 31 (for registration license tax for license) - Registration license tax (for registration): Prior to the date of registration or filing - Registration and license tax (for license): Prior to the date of receiving license certificate
Local Education Tax	- Imposed to secure financial resources for the enhancement of local education - Finances required to improve the quality of local education	- Acquisition tax and tobacco consumption tax: By the payment deadline - Residence tax (per capita), property tax, automobile tax (only on vehicles for non-business use): By the payment deadline
Residence Tax	- 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.	- Per capita portion collection (due Aug. 16-31) - Pro rata property portion report and payment (due Jul. 1-31) - Employee portion : By the 10 th day of the following month
Local Income Tax	- Individual local income tax according to the Income Tax Act; Corporate local income tax according to the Corporate Tax Act	- Corporate local tax: within 4 months of the final day of the business year - Capital gains or global income tax: Report and payment at the same time as income tax (May 1-31 of the following year) - Special collection: Report and pay by the 10 th day of the month following the month to which the day for special collection belongs
Property Tax	- Imposed on land, buildings, housing, aircraft, ships - Housing is a separate taxable object because its valuation includes attached land	- Regular portion - Jul. (16-31): Half payment for housing portion and full payment for building - Sep. (16-30): Half payment for housing portion and full payment for land ※ If the payable amount of the housing portion is or below KRW 200,000, the full amount shall be notified in July.
Automobile tax	- 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 - Annual tax amount for passenger automobiles differs depending on whether the vehicle is used for business purposes or not.	- Regular imposition: First period (Jun. 16-30) / Second period (Dec. 16-31) - Non-regular imposition available on application for tax calculated on a daily basis for used cars - Annual tax amount: Lump-sum payment (Jan., Mar., Jun., Sep.) / Payment in installments (Mar., Jun., Sep., Dec.)

* Source : Local Tax Guide 2019, 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

1. Tax Reduction and Exemption by Local Ordinance

① Tax Reduction and Exemption Concerning Introduction of Foreign Investment

When a foreign-invested company or a company conducting a technology business in a new growth engine industry which has settled in an individual Foreign Investment Zone, a complex Foreign Investment Zone, or a Free Trade Zone meets certain qualifications, it may benefit from certain advantages of reduction of and exemption from acquisition tax and property tax for fifteen years by local ordinance.

② Tax Reduction and Exemption for Companies in Agro-industrial Complexes

A company which intends to establish business operations in an agro-industrial complex by acquiring a closed or suspended factory within the complex is eligible for a seventy five percent reduction of acquisition tax if the acquisition is made by December 31, 2019.

③ Tax Reduction and Exemption for Special R&D Zones

High-tech companies, research institutes, foreign-invested companies and foreign research institutes that acquire real estate for direct use in their own business by December 31, 2019 are eligible for exemption from acquisition tax.

2. Tax Reduction and Exemption Based on the Restriction of Special Local Taxation Act

Regulation	Contents	Tax items (Reduction rate, %)		
		Acquisition tax	Registration and license tax	Property tax
Article 45-2	Reduction or exemption for research institutes, etc.	100		100
Article 46 (1)	Reduction or exemption for research institute affiliated with an enterprise (mid-size) (Except for large-scale companies' institutes in an over-concentration limitation zone)	35		35
Article 46 (2)	Reduction or exemption for research institute affiliated with an enterprise (Except for large companies' institutes in an over-concentration limitation zone)	35		35
Article 46 (3)	Reduction or exemption for research institute affiliated with an enterprise	60		50
Article 58 (1)	Reduction or exemption for venture businesses, etc.	50		50
Article 58 (2)	Reduction or exemption for cluster venture businesses, etc.	Exemption of heavy tax		Exemption of heavy tax
Article 58 (3)	Reduction or exemption for new technology-based business cluster	50		50(for 3 years)
Article 58 (4)	Reduction or exemption for venture business development and promotion zone	37.5		37.5

Article 58-2 (1)	Reduction or exemption for operator of knowledge-based industry centers (probation of 1 year for previous acquisition tax exemption)	35		37.5
Article 58-2 (2)	Reduction or exemption for occupants in knowledge-based industry centers	50		37.5
Article 58-3	Reduction or exemption for real estate of small-and medium-size start-ups	75	100	100/50
Article 71 (1)	Reduction or exemption for operators in logistics complexes	35		35
Article 71 (2)	Reduction or exemption for occupants in logistics complexes	50		35
Article 75-2 (1)	Reduction or exemption for start-ups 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 start-ups 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 75-3	Reduction or exemption for small-and medium-size enterprises in enterprise city development zones and regional development project zones	50		50
Article 78 (4) a	Reduction or exemption for occupants (newly established) in industrial complexes	50		35-75
Article 78 (4) b	Reduction or exemption for occupants (with substantial repair) in industrial complexes	25		
Article 79 (1), (2)	Reduction or exemption for relocating corporations to provinces	100	100	100/50
Article 80 (1)	Reduction or exemption for relocating factories to provinces	100		100/50

INFORMATION

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Website : www.wetax.go.kr



Transfer Pricing Taxation

The transfer price tax system is applied when a resident, etc. pays a higher price than the normal 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 5 of the Adjustment of International Taxes Act on the website of the Ministry of Government Legislation

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.

Thin Capitalization Rule : Thin-Cap

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. (On or before February 7, 2017: Fine of KRW 10 million)

Article 51 (1) of the Enforcement Decree of the Adjustment of International Taxes Act

② Administrative Fine against Non-Compliance 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 sixty 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.

Article 12 (1) of the Enforcement Decree of the Adjustment of International Taxes Act

Thin capitalization refers to intentionally increasing borrowing as opposed to investing funds in financing to reduce the tax burden. The Thin cap is a system which prevents tax avoidance by not recognizing the interest on borrowing as deductible expense.

1. Concept

A corporation tends to borrow funds from shareholders rather than invest funds since the interest on a loan is a deductible expense, while a dividend on investment cannot be calculated as a deductible expense. Thin cap is a system to prevent tax avoidance by not recognizing the interest on a loan exceeding a certain amount as a deductible expense.

2. Application

When a domestic corporation borrows funds from a foreign controlling shareholder or from a third party under a payment guarantee by a foreign controlling shareholder, and such borrowings exceed twice the amount (six times for a financial business) invested by the foreign controlling shareholder, the interest and discount fees paid in relation to the excess amount shall be excluded from the deductible expenses of the domestic corporation.

3. Exclusion of Interest Paid to Foreign Controlling shareholder from 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 Chapter 3

of the Adjustment of International Taxes Act, available on the website of the Ministry of Government Legislation.

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.

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Tax Treaty Countries (93 nations)

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

Tax Treaties by Country

Website of National Tax Service

(www.nts.go.kr) → Resource → Tax Law/Treaty → Tax Treaty

Website of National Tax Law Information System

(<https://bsi.hometax.go.kr/docs/main.jsp>) → 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]

Contracting State	Limited tax rate		
	Interest	Dividend	Royalty
Gabonese Republic	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Greece	8%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Republic of South Africa	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Netherlands	Over 7 years : 10% Others : 15%	Corporation holding over 25% of stocks: 10% / Others: 15%	Copyright: 15% Others: 10%
Nepal	10%	Corporation holding over 25% of stocks: 5% / Corporation holding over 10% of stocks: 10% / Other: 15%	15%
Norway	15%	15%	Copyright: 15% Other: 10%
New Zealand	10%	15%	10%
Denmark	15%	15%	Industrial investment: 10% Other: 15%
Germany	10%	Corporate holding over 25% of stocks: 5% / Others: 15%	Equipment : 2% Others: 10%
Laos	10%	Corporation holding over 10% of stocks: 10% / Others: 15%	5%
Latvia	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	Industrial investment: 5% Other: 10%
Russia	N/A	Corporation holding over 30% of stocks: 5% / Other: 10%	5%
Romania	10%	Corporation holding over 25% of stocks: 7% / Other: 10%	Patent, etc: 7% / Other: 10% / Commission: 10%
Luxembourg	Bank: 5% Other: 10%	Corporation holding over 10% of stocks: 10% / Other: 15%	Commercial information: 5% / Other: 10%
Lithuania	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Commercial information: 5% / Other: 10%
Malaysia	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	Copyright: 10%, 15% Others 10%
Mexico	Bank: 5% Other : 15%	Corporation holding over 10% of stocks: 0% / Other: 15%	Royalty: 10% Other: 15%
Morocco	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright, etc.: 5% Other: 10%
Malta	10%	Corporation holding over 25% of stocks: 5% / ther: 15%	0%
Mongolia	5%	5%	10%
United States of America	12%	Corporation holding over 10% of stocks: 10% / Other: 15%	Copyright: 10% Other: 15%
Myanmar	10%	10%	Cost of information usage: 10% / Other: 15%

Kingdom of Bahrain	5%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Bangladesh	10%	Corporation holding over 10% of stocks: 10% / Other: 15%	10%
Venezuela	Bank : 5% Others : 10%	Corporation holding over 10% of stocks: 5% / Other: 10%	Equipment: 5% Other: 10%
Vietnam	10%	10%	Patent, etc.: 5% Other: 15%
Belarus	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	5%
Belgium	10%	15%	10%
Bulgaria	10%	Corporation holding over 15% of stocks: 5% / Other: 10%	5%
Brazil	Loan for 7 years: 10% / Other: 15%	10%	Trademark: 25% Other: 10%
Brunei Darussalam	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Georgia	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	10%
Czech Republic	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Kazakhstan	10%	Corporation holding over 10% of stocks: 5% / Other: 15%	Industrial equipment: 2% Other: 10%
Canada	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Kuwait	5%	5%	15%
Republic of Kenya	12%	Corporation holding over 25% of stocks: 8% / Other: 10%	10%
Republic of Tajikistan	8%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Turkey	Over 2 years: 10% Other: 15%	Corporation holding over 25% of stocks: 15% / Other: 20%	10%
Tunisia	12%	15%	15%
Pakistan	12.5%	Corporation holding over 20% of stocks: 10% / Other: 12.5%	10%
Republic of Peru	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Poland	10%	Corporation holding over 10% of stocks: 5% / Other: 10%	5%
Fiji	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Philippines	Public issues: 10% Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 25%	10%, 15%
Australia	15%	15%	15%
Kingdom of Saudi Arabia	5%	Corporation holding over 25% of stocks: 5% / Other: 10%	Equipment: 5% Other: 10%

Republic of Serbia	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright: 5% Other: 10%
Sri Lanka	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Switzerland	Bank: 5% Others: 10%	Corporation holding over 25% of stocks: 5% / Others: 15%	5%
Sweden	Loan for 7 years: 10% Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 15%	Copyright: 15% Other: 10%
Spain	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Slovakia	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	Copyright: 0% Other: 10%
Slovenia	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	5%
Singapore	10%	Corporate holding over 25% of stocks: 10% Others: 15%	15%
United Arab Emirates	10%	Corporation holding over 10% of stocks: 5% / Others: 10%	0%
Iceland	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Ireland	0%	Corporation holding over 10% of stocks: 10% / Other: 15%	0%
Azerbaijan	10%	7%	Industrial investment: 5% / Other: 10%
Albania	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Algeria	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% Other: 10%
Estonia	10%	Corporation holding over 25% of stocks: 5% Other 10%	Equipment: 5% Other: 10%
Federal Democratic Republic of Ethiopia	7.50%	Corporation holding over 25% of stocks: 5% / Other: 8%	5%
Republic of Ecuador	12%	Corporation holding over 10% of stocks: 5% / Other: 10%	Equipment: 5% Other: 12%
United Kingdom	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% Other: 10%
Oman	5%	Corporation holding over 10% of stocks: 5% / Other: 10%	8%
Austria	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% Other: 10%
Jordan	10%	10%	10%
Uruguay	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
Uzbekistan	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 2% Other: 5%
Ukraine	5%	Corporation holding over 20% of stocks: 5% / Other: 15%	5%

Israel	Bank: 7.5% Other: 10%	Corporation holding over 10% of stocks: 5%, 10% / Other: 15%	Equipment: 2% Other: 5%
Egypt	Over 3 years: 10% Other: 15%	Corporation holding over 25% of stocks: 10% / Other: 15%	15%
Italy	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
India	10%	15%	10%
Indonesia	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	15%
Japan	10%	Corporation holding over 25% of stocks: 5% / Other: 15%	10%
China	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	10%
Chile	Bank : 4% / Stock market bond: 5% / Others : 15%	Corporation holding over 25% of stocks: 5% / Others: 10%	Equipment: 2% Other: 10%
Qatar	10%	10%	5%
Colombia	10%	Corporation holding over 20% of stocks: 5% / Other: 15%	10%
Croatia	5%	Corporation holding over 25% of stocks: 5% / Others: 10%	0%
Kyrgyzstan	10%	Corporation holding over 25% of stocks: 5% / Other: 10%	5%, 10%
Thailand	Bank: 10% Other: 15%	10%	Software: 5% / Patent: 10% / Industrial equipment: 15%
Turkmenistan	10%	10%	10%
Panama	5%	Corporation holding over 25% of stocks: 5% / Other: 15%	Equipment: 3% Other: 10%
Papua New Guinea	10%	15%	10%
Portugal	15%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
France	10%	Corporation holding over 10% of stocks: 10% / Other: 15%	10%
Finland	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%
Hungary	0%	Corporation holding over 25% of stocks: 5% / Other: 10%	0%
Hong Kong	10%	Corporation holding over 25% of stocks: 10% / Other: 15%	10%

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

* No tax treaty exists with Taiwan or Macao.

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



Q1. What is the ceiling and scope of entertainment expenses which can be included as deductible expenses?

Entertainment expense refers to the expenses spent for entertainment, society, compensation, or other expenses of a similar nature, and means the amount spent by a domestic corporation to facilitate work with those who are directly or indirectly involved with their business. The ceiling of entertainment expenses is as follows.

Ceiling = KRW 12 million (KRW 24 million for small and medium size enterprises) x the number of months in the business year / 12 + amount of income x rate

Amount of income	Rate
KRW 10 billion or less	Total amount of income x 0.2%
More than KRW 10 billion not exceeding KRW 50 billion	KRW 20 million + (Amount over KRW 10 billion x 0.1%)
Amount exceeding KRW 50 billion	KRW 60 million + (Amount over KRW 50 billion x 0.03%)

Evidentiary documents of entertainment expenses: Proof of eligibility is included in the tax invoice, cash receipt, and corporate credit card (including a company card in an employee's name). Expenses incurred in excess of KRW 10,000 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 is a non-resident's capital gains on domestic-source securities taxed?

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?

The scope of payment guarantee for foreign shareholders applicable to thin capitalization includes all forms of payment guarantee which requires the overseas controlling shareholder to fulfil 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 (Gook-il 46017-483).

Q4. If a domestic place of business borrows interest-free loan from the controlling shareholder, is it subject to thin cap?

A loan without interest or discount fees is excluded from thin cap (Gook-il 46017-483).



Customs Clearance and Introduction of Capital Goods

Customs Clearance

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.

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 importer shall request an import declaration by submitting the invoice, bill of lading, packing list, certificate of origin, and documents confirming other import requirements. However, the requested declarant shall submit the documents when customs require the submission of documents for customs clearance, but otherwise, they shall be kept on their own.

※ The Korea Customs Service has established a system to transmit the required documents for import declaration to be submitted to customs in electronic form or via electronic images.

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

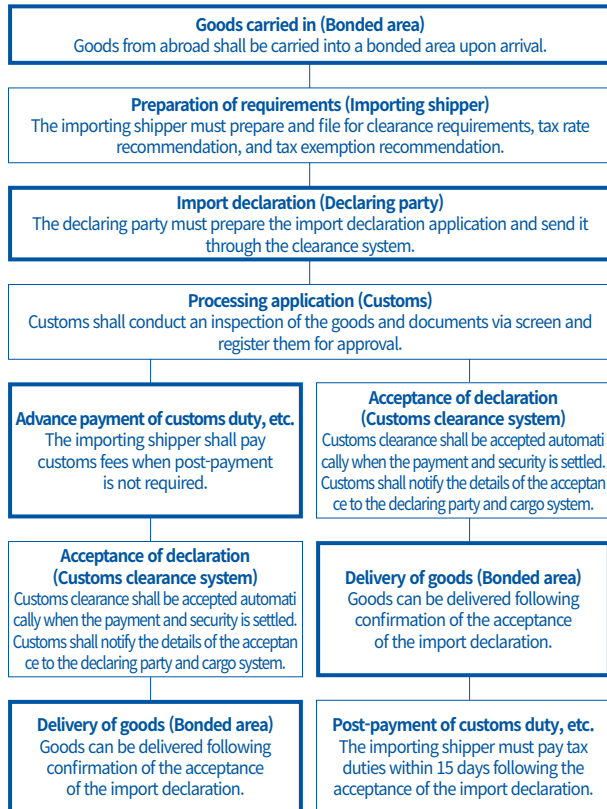
When the customs officer accepts the import declaration, a declaration certificate electronically stamped by the Customs Special Officer shall be issued to the declarant.

Required documents

Documents for Import Declaration

- ① Invoice. A contract is acceptable when the invoice has not arrived. (The invoice must be submitted when a confirmed price is declared.)
- ② Price declaration report (only when required)
- ③ Copy of Bill of Lading (B/L) or Airway Bill (AWB) (excluded when electric submission is possible)
- ④ 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.)
- ⑤ Certificate of origin (only for required goods)
- ⑥ Required documents for examination, quarantine, permission and recommendation (when checking via an electronic database is not possible)
- ⑦ Customs duty reduction (payment) / Application for specific use duty rate (only for applicable goods)
- ⑧ Agreement to apply tax rate
- ⑨ Local tax payment security certificate (applicable goods only)
- ⑩ Kimberly Process Certificate (limited to diamond ore)
- ⑪ 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)

Process of Import Clearance



INFORMATION

How to Look up Specific Product Regulations and Tariff Rates

(Product specific rule in FTAs) Korea Customs Service Total Solution Yes FTA

<http://www.customs.go.kr>

→ FTA → Preference Criterion (PSR) → Search HS code

(Tariff rate for HS code in FTAs) Korea Customs Service Total Solution Yes FTA

<http://www.customs.go.kr> Information plaza

→ Preferential Tariff rate → 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 : <https://unipass.customs.go.kr> 

① Services

The primary services of UNI-PASS include electronic declaration, electronic payment, information check, and providing a unique personal customs 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 unique 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 : Notification of the Use and Operation of Customs UNI-PASS (Notification No. 2018-25 of the Korea Customs Service, Jul. 2018)

INFORMATION

UNI-PASS Technical Support Center

+82-1544-1285

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

Customs administration matter

+82-125 (General consulting on customs duties: 20, foreigners: 40)

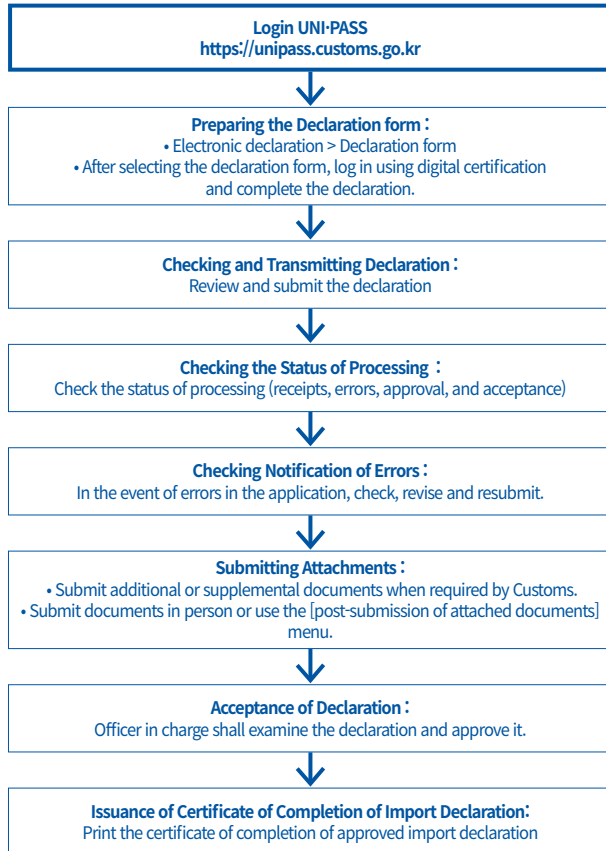
Providing consultation regarding customs processes, classification of items, and related customs laws

④ 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

Work Processes through UNI-PASS



Payment/Refund of Customs Duties

Generally, tariffs are imposed on imported goods to secure tax revenue and foster domestic industries. However, there is a tariff refund system which exempts some or all tariffs for certain policy purposes and returns the tariffs paid to the exporter or producer of exported goods when importing 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

Contact for inquiry on credit card payment : Cardrotax

Korea Financial Telecommunications & Clearings Institutel : +82-1577-5500

www.cardrotax.or.kr

(Commission for payment by proxy shall be paid by taxpayer: 0.8 percent of the payable amount)

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 Restriction of Special Taxation Act, the Submarine Mineral Resources Development Act, as well as multilateral and bilateral agreements.

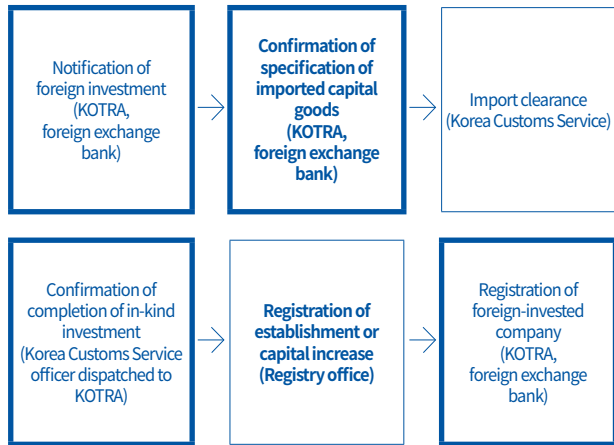
3. Customs Duty Refund

Customs duty refund is a system for returning customs duties collected when importing raw materials for export to exporters or producers when exporting them as processed products. In this case, processing and export of the raw materials must be done within two years of the import of the raw materials.

Customs Clearance on Capital Goods

When foreign investors expect a customs duty exemption on invested capital goods or when an in-kind investment of capital goods is made, customs clearance should be made following the review and confirmation of the specifications of the imported capital goods.

Customs Clearance Procedures for Capital Goods



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 exempted from customs duty, individual consumption tax, and value added tax
- Capital goods imported by a foreign investor for investment purposes

Required documents

Confirmation of Specification of Imported Capital Goods

Three copies of the application of 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

※ Relevant law : Article 23 of the Enforcement Rules of the Foreign Investment Promotion Act

- 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) 8 of the Foreign Investment Promotion Act

2. Deadline of Application for Confirmation

A specification of imported capital goods including the quantity, standard, price, and producer of the goods should be prepared and an application for confirmation should be filed before the acceptance of import declaration.

3. Confirmation of Completion of Investment in Kind

Capital goods imported for investment purposes must receive confirmation of completion of investment in kind from the Korea Customs Service officer dispatched to KOTRA, while registration of incorporation and registration of foreign-invested company shall be made.

Required documents

Confirmation of Completion of Investment in Kind

Two copies of application of 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

(It is not necessary to prepare this certificate when the applicant agrees to the common 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

Competent workers and smooth 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 week 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.

Labor Contract

A labor contract must set 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

Prohibition for Requiring Applicants' Personal Information (region of origin, etc.)

Revision of the 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 job-seeker 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. 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 job-seeker's parents, children, and siblings

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 wage for 2020 publicly notified by the Ministry of Employment and Labor is KRW 8,590 per hour and KRW 1,795,310 per month on a 209-hour basis.

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 percent to or more of the ordinary wage by adding 50 percent or more of the ordinary wage for overtime work and an additional 50 percent 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 percent of the ordinary wage for work of eight hours or less and 100 percent or more of the ordinary wage if it exceeds eight hours.

Work Hours

Work hours shall not exceed fourty 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

Under the Labor Standards Act revised in March 2018, companies that employ 300 workers or more can extend their working hours by up to 12 hours per week from July 2018, which makes the maximum weekly work

hours 52 hours. From January 1, 2020, it will be applied to companies with 50 or more employees, and to companies with five or more employees from July 1, 2021. From July 1, 2021 to December 31, 2022, where an employer who regularly employs less than thirty full-time employees makes a written agreement with the labor representative, he/she may extend work hours up to eight hours per week, in addition to the work hours extended as above.

2. Hours of Recess

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

Type of 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, 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 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 employees 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 laws : Articles 51, 52, 57 and 58 of the Labor Standards Act

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

The regulations on public holidays apply to those who employ five or more full-time workers. Under the Enforcement Decree of the Labor Standards Act amended on June 29, 2018, private companies are also required to grant paid holidays and substitute public holidays under the Regulations on Holidays of Government Offices. The regulations will go into effect on January, 2020 for companies with 300 or more employees and public institutions, January 1, 2012 for companies with 30 to less than 300 employees, and January 1, 2022 for companies with five to less than 30 employees.

3. Statutory Annual Paid Leave


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

Four Major Insurances

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

Contribution Rates

	Employment insurance	Industrial accidental compensation insurance	National pension	National Health insurance
Employee	0.8% of the total pay	N/A	4.5% of the standard monthly income amount	3.335% of the standard monthly wage amount
Employer		Depends on the type of business		

- Long-term health care insurance premium is 10.25 percent 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 percent 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) 

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.

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 fourteen 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 term 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 thirty 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 Plan(IRP)** : This is a retirement pension plan established to accumulate and operate the lump sum paid

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 20 million.

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

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.

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 fifty 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 thirty days in advance of such dismissal. If the employer fails to give such advance notice, he/she shall pay such employee a minimum of thirty 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 thirty days immediately thereafter. No woman shall be dismissed before or after during a period of suspension of work guaranteed by law and for thirty days immediately thereafter.

Rules of Employment

1. Preparation and Report of Rules of Employment

An employer employing ten 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

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 twelve weeks or for not less than thirty six weeks 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 ten day paid holiday if an employee applies for a leave on the grounds of a spouse's childbirth. However, the claim cannot be made ninety days after the date of the childbirth.

Work-Family Balance Assistance

1. Childcare Leave

Where 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

Where any worker eligible to apply for childcare leave applies for a reduction of working hours in lieu of such leave, his/her employer shall grant it and no employer shall dismiss, or take any disadvantageous measures against, a worker on grounds of reduction of working hours for a period of childcare. Working hours after reduction shall be at least fifteen hours a week, but shall not exceed thirty five hours a week.

※ Related law : Article 19 ~ 19-3 of the Equal Employment Opportunity and Work-family Balance Assistance Act

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.

Irregular workers

1. Fixed-term Workers

Fixed-term workers refers 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.

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 to be Taken

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 : Article 2 of the Chapter 6 of the Labor Standards Act (Enforced Jul. 2019)

Collective Labor-Management Relations

1. Labor Union

Labor union refers to an organization or associated organizations of workers which is formed voluntarily, and there are 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.

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 for office execution.

※ Related law : Article 1, 2-2, 22-26 of the Trade Union and Labor Relations Adjustment 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 people and not more than ten.

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 fifty full-time employees shall employ persons with disabilities at a ratio of at least 3.1 percent 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 twenty 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 three to eight percent 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



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?

A company may verify the employee's qualities via a probationary period stated on the labor contract. The period is not fixed by law but the majority of companies have a three-month probationary period as accorded in Article 26 of the Labor Standards Act which states that advance notice of dismissal is not essential when the period during which the employee has worked continuously is less than three months.

Q2. How is the minimum wage for 2020 calculated on a 209-hour basis?

The average weeks of a month in a year is 4.345 weeks (365 days ÷ 7 days ÷ 12 months). The weekly workhours 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 X 48 = 208.56)

Q3. Is it violation of the law concerning work hours if an employee works 15 hours a day for three days a week, not exceeding 52 hours per week?

The employee has worked seven hours of overtime work for three days perweek, making the total overtime work hours per week 21 hours. The Labor Standards Act stipulates that one week's overtime work cannot exceed 12 hours, so even if the total work week is within 52 hours, it shall constitute a violation of the law.

Q4. Is Labor Day a statutory holiday even if it is not stated in the Labor Standard Act?

Labor Day is not a statutory holiday under the Labor Standards Act, but the Designation of Workers' Day Act prescribes that Labor Day falls on May 1 and shall be a paid holiday under the Labor Standard Act.

Q5. Should the weekly paid holiday be fixed on Sunday?

The Labor Standards Act provides an average of one or more weekly paid holiday, but does not prescribe a weekly holiday on a particular day. Thus, it is not required to be granted on Sunday. The starting point of reckoning a week can be set by labor and management through internal regulations, employment rules, labor contracts, and collective agreements.

Q6. Is it possible for an executive of a foreign-invested company to subscribe to employment insurance?

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.

Q7. What are the cases in which foreign employees are excluded from subscription to national pension?

When the foreign employee's home country law does not apply to the people of Korea regarding "the pension commensurate with the national pension" under the National Pension Act.

- When a foreigner overstays the permitted period of sojourn
- When a foreigner is not registered or an order is issued to deport him or her.
- When the status of sojourn is as follows; 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), Dependant Family(F-3), Others(G-1)
- When a foreigner is not subject to the "National Pension Act" in any other statute or treaty

Q8. Is a foreigner who works in a foreign-invested company and has a D-8 visa obliged to subscribe to health insurance?

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.

Q9. Is National Pension refundable when a foreigner returns to his/her home country?

A lump-sum refund can be applied to a foreigner who returns to his/her home country in the following cases : (Source : 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 May 2019 : 18 countries including Canada, United States, Germany, Hungary, France, Australia, Czech Republic, Belgium, Bulgaria, Slovakia, Poland, Romania, Austria, India, Turkey, Switzerland, Brazil, Peru

- ㉢ 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

Q10. If the notice of termination was given five days short of the 30 days notice period, shall the employee be given a five-day allowance?

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



Intellectual Property System

Korea is the world's 4th largest intellectual property application and 5th largest international patent applicant for Patent Cooperation Treaty (PCT), making the country a patent powerhouse. In general, patents are divided into industrial property rights, copyrights, and new intellectual property rights, although industrial property rights are most common in Korea. The Korean Intellectual Property Office, designated as an international research institute for PCT international applications and an international reserve review agency in 1999, has improved its system by strengthening related laws and systems and simplifying administrative procedures to actively cope with the rapidly changing global trade environment, and providing various support for the acquisition and protection of intellectual property rights.

Industrial Property Rights in Korea and its Competitiveness

Industrial Property Right Application (Unit: number of applications)

Type of Patent	2018
Patent Rights	209,992
Utility Model Rights	6,232
Trademark Rights	200,341
Design Rights	63,680

Source : 2018 White paper on the knowledge industry published by the Korean Intellectual Property Office

1. International Position of Korea

Korea has been expanding international cooperation by conducting a PCT cooperation review with IP5 countries. The country has strengthened cooperation with ASEAN and Eastern European countries, signed a new ASEAN Patent and Trademark Conference, and signed MOUs with the UAE and Saudi Arabia to support IP advancement. In addition, Korea has been consolidating its international position in the intellectual property sector by leading discussions on international intellectual property rights norms as the chair country of the 2019 IP5 Council.

2. Competitiveness of Korea

The Korean Intellectual Property Office announced that Korea ranked 4th in the world after China, the United States and Japan in 2017 in applying for intellectual property rights according to world intellectual property indicators from World Intellectual Property Organization (WIPO). In addition, PCT international patent applications ranked 5th in the world in 2018.

Industrial Property Rights Applications of Major Countries

(Unit: number of applications)

Ranking	Country	Year		
		2015	2016	2017
1	China	5,675	7,159	9,446
2	USA	1,003	1,042	1,098
3	Japan	501	517	545
4	Republic of Korea	476	464	455
5	Germany	161	162	164

PCT International Applications of Major Countries

(Unit: number of applications)

Ranking	Country	Year		
		2016	2017	2018
1	USA	56,595	56,624	55,981
2	China	43,168	48,882	53,340
3	Japan	45,239	48,208	49,703
4	Germany	18,315	18,982	19,750
5	Republic of Korea	15,560	15,763	17,017

3. Pendency Period in Major Countries

The pendency period of patent-utility models in Korea is 16.3 months shorter than the United States and similar to Japan's 10.4 months.

(Unit : month)

Country	Patent, Utility Model Right	Trademark Right	Design Right
USA	16.3	13.3	2.7
Japan	10.4	4.9	5.0
Republic of Korea	9.3	6.1	4.9

4. Domestic Applications by GDP and Population

Korea ranked 1st in the world in terms of the number of patent applicants by GDP and population. It reveals Korea's strong intellectual property applications in terms of the number of applicants by GDP and population in spite of its status as the country with the 4th largest number of total applications after the United States, Japan, and China.

Domestic Applications by GDP and Population

(2017)

Ranking	1	2	3	4
Number of applications by GDP of USD100 billion	Republic of Korea 8,601	China 5,869	Japan 5,264	Germany 1,961
Number of applications by per million people	Republic of Korea 3,091	Japan 2,053	Switzerland 1,018	USA 902

Source : 2018 White paper on the knowledge industry published by the Korean Intellectual Property

Intellectual Property System

Intellectual property right is classified into industrial property rights, copyrights, and new intellectual property rights. Industrial property rights consist of patent right, utility model right, design right, and trademark right. This book will only focus on the industrial property rights that are applied to companies.

1. Registration of Industrial Property Rights

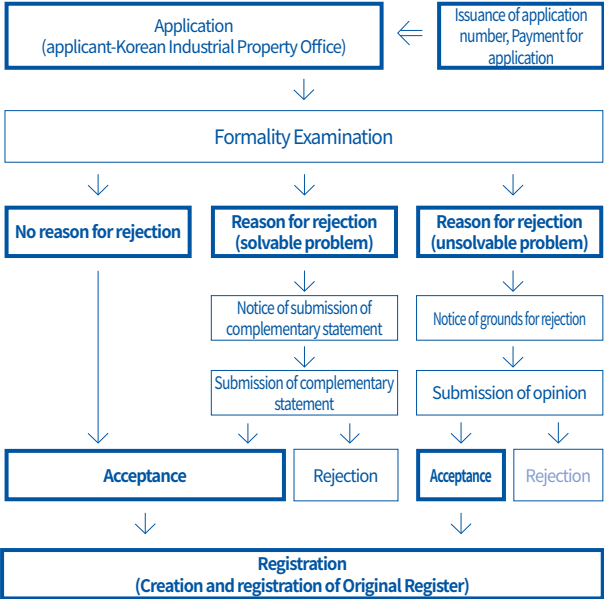
Registration of industrial property rights refers to the recording of the occurrence, change, extinction, and other certain matters concerning patent rights in the original (registration) register, which is placed in the Korean Industrial Property Office.

The original register is a public book placed in the Korean Industrial Property Office to record the matters to be registered which are prescribed by the Act and the commissioner of the Office.

Term of Existence

Patent Rights	Utility Model Rights	Design Rights	Trademark Rights
From the date when the grant of the patent right is registered, to not later than 20 years from the filing date of the application	From the date when the grant of the patent right is registered, by not later to not later than 10 years from the filing date of the application	From the date when the grant of the patent right is registered, to not later than 20 years from the filing date of the application	By not later than years from the date when the grant of the patent right is registered Can be renewed every 10 years, semi-permanent right

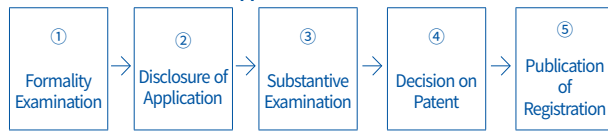
Procedure of registration



2. Patent Right

The patent right system is prepared to promote the development of the national industry by protecting and promoting inventions, and to this end, it refers to granting patent rights in return for technology disclosure. The right is effective only within the countries which have obtained the rights, while Korea adopts an elective principle that grants patent rights to first-time applicants in patent applications.

Main Procedures for Patent Application



- ① Formality assessment is to check whether there are errors in the process (e.g., missing information on submitted documents, observation of period, attachment of required certificates, payment of fees).
- ② The Korean Intellectual Property Office discloses the patent application eighteen months after the application date to prevent delays in the public disclosure of technologies for which an application has been submitted.
- ③ Substantive examination reviews the invention's industrial applicability, novelty and inventiveness. A patent is granted on condition of disclosure, so a review is conducted on whether the specification is appropriate for use by the public.
- ④ The applicant will be notified of the decision to grant a patent when the examination result shows no reason for rejection.
- ⑤ The applicant shall pay a registration fee to register the patent immediately upon receiving notification of the decision to award a patent. The patent right enters into effect upon establishment of registration and the registered application for a patent will then be published and disclosed to the public.

Method of Patent Application

Method	Electronic Application	Application in Paper	
	Online	Post	Visiting
Details	Transmit an application online by using software for electronic documents.	Fill out an application form and send it to the Korea Intellectual Property Office.	Submit an application by visiting the office.
Place for application	http://www.patent.go.kr → paten application → application in Korea → Installation of software for electronic documents	(35208) A director of Korea Intellectual Property Office, Government complex Daejeon, Seogucheongsa-ro 189, Daejeon Metropolitan City.	Customers service center for patent in Korea Intellectual Property Office (Daejeon), Seoul office of Korea Intellectual Property Office (Seoul)
Time of receipt	Available 24 hours from Monday to Saturday. Available from 09:00 to 21:00 in holidays and Sunday.	The imprinted date from post office is recognized as application date. (The arrival date in Korea Intellectual Property Office shall be recognized as application date for PCT international application)	(From 09:00 to 13:00 for winter season and Saturday)

INFORMATION

Electronic Application for Patent and Information Retrieval

① Electronic Application of Patent

"Teukheoro" is an electronic application service for patent operated by Korea Intellectual Property Office, which makes it easy to apply and register patent and pay commission.

Website : www.patent.go.kr  Customers service centre : +82-1544-8080

② KIPRIS

KIPRIS (Korea Intellectual Property Rights Information Service) is an information retrieval service operated by Korea Intellectual Property Office through Korea Institute of Patent Information (KIPI). It provides a search and inquire function for domestic intellectual property information and overseas patent information including patents and utility model rights, design, and trademarks.

Website : www.kipris.or.kr 

3. Utility Model Rights

Patent rights protect invention; on the other hand, utility model rights protect design. Thus, utility model means the design itself, which can be improved to make it more convenient and useful to use. The system of registration has been adopted after the examination to decide whether or not to register a new utility model after an actual review.

4. Design Rights

Design rights refer to the exclusive right enjoyed by the registrar for all designs that create a sense of taste through vision, such as the forms, shape, color, or their combination. If the applicant wishes to apply for a design similar to the originally applied basic design, the application can be recognized as related design within one year from the registration application date of the basic design and the design right can be obtained.

5. Trademarks Rights

Trademark rights refer to the right to exclusively use the labels used to identify one's own and another's products. Labels refer to all markings used to indicate the source of a product, regardless of its composition or manner of expression, such as symbols, letters, shapes, sounds, smells, stereoscopic features, holograms, actions, or colors. The term of existence of the trademark is ten years from the date of the establishment registration, and an application for renewal is required every ten years.

Main Services of the Korea Intellectual Property Office

With technological innovation and intellectual property policies at the core of the national strategy due to the Fourth Industrial Revolution, the Korea Intellectual Property Office is pursuing policies to foster related manpower and improve services to the public, including reliable screening and examination, providing referee services, strengthening protection and support to strong patent creation and promoting commercialization of superior intellectual properties.

1. Patent Examination System Customized in Three Tracks

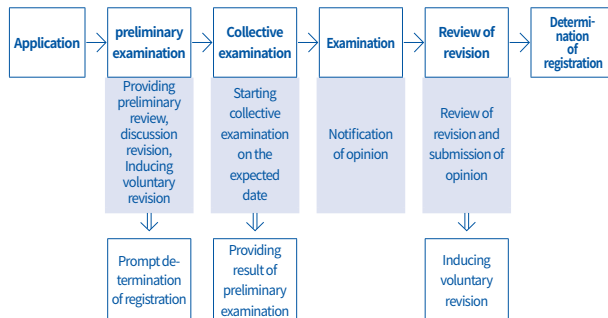
The Korea Intellectual Property Office operates a patent examination system customized in three tracks to offer competitive period and quality of examination: preferential examination, general examination, and late examination. It has advantages of providing the opportunity to secure monopolistic status with acquisition of patents in advance and securing sufficient time of commercialization through late examination.

- Preferential examination: Request preceding technology investigation at a specialized organization and adjust the processing time for the application
- General examination: Provide the result within the average pendency period
- Late examination: Introduce an application system of suspension of examination for customer who requests late examination

2. Patent Examination 3.0

It is a new paradigm of patent examination to enable high-quality patents beyond the traditional one-way service and with communication between applicants and examiners in every process of examination including preliminary examination, collective examination, and review of revision.

Major Systems at Each Step of Examination



3. Preliminary Examination

The patent applicant can identify and respond to the reasons for rejection before the official examination by exchanging opinions based on the results of the review, and grant the correct examination and patent rights in advance by exchanging opinions of the technology and examination with the applicant.

4. Collective Examination

By reviewing multiple applications at once at the expected time, companies can secure collective intellectual property rights in accordance with their management strategies such as when products are released, and the nation can commercialize R&D products and activate technology transfer.

5. Review of Revision

A system in which the patent applicant exchanges opinions on the revision through a meeting with the examiner before submitting the final version of document in response to the reason for the refusal notified. The applicant can advance the timing of the patent decision by reducing unnecessary procedures by identifying whether or not the reasons for the correction of the revised proposal are resolved before submitting the final documents, while the examiner can seek an accurate examination by exchanging opinions of the technology and examination with the applicant directly.

6. Technology Publication Service through the Internet

On its website, the Korea Intellectual Property Office created a "Cyber Bulletin" as an internet technology publication service. Since it is difficult to exercise patents on certain technologies due to the prior application for the purpose of defense in regard to time loss and cost, the Korea Intellectual Property Office offers notarization of the details and date of technology and recognition of the priority for those who intend not to secure patent rights but seek protection from exercised patent rights when he/she posts the details of technology in the "Cyber Bulletin" to prevent disadvantages in business from other company's exercise of patent rights.

In Detail

When not to use the internet technology publication service

For those who intend to apply for patent rights through the application process and for technologies protected by trade secret.

Dispute Settlement Committee for Industrial Property

The Korea Intellectual Property Office operates a Dispute Settlement Committee for industrial property based on the Invention Promotion Act and supports the settlement in order to reduce cost and time burden of people arising from lawsuits and to offer advance and fair resolution on disputes over industrial property rights.

Settlement by the Dispute Settlement Committee for industrial property provides prompt reconciliation via a free service as opposed to a lawsuit. In addition, the process is undertaken behind closed doors, while the following advantages are provided.

Advantages	Details
Saving time and cost	Time can be saved by resolving multiple lawsuits (civil and criminal) or judgments in a single procedure, and costs can be saved since no separate application amount are required.
Professional and neutral advice	Committee members, consisting of experts, assist the parties to make reasonable judgments by giving professional and objective advice on industrial property rights disputes through coordination meetings.
Win-win settlement of disputes between two parties	Satisfactory compromise between the two parties is possible as opposed to lawsuits.
Enactment of reconciliation in court when settlement is established	Enactment of reconciliation in court which has the same effect as final and conclusive judgement shall be made when settlement is established.
Promptness and confidentiality	The process of settlement shall be completed within 3 months from the application date when there is no specific reason. The process is undertaken in confidence, which is useful for those who do not wish to inform the public of the dispute or are concerned with leakage of trade secrets.

1. Qualifications to Apply

Qualified applicants for dispute settlement are industrial property holders, enforcers, licensees, employee inventors, and those who have interests in implementing rights.

2. Types of Disputes Open for Settlement

- Dispute of industrial property (patent, utility model, trademarks and design)
- Dispute concerning job invention
- Dispute concerning technical trade secret

Except for requests for free and cancellation of industrial property rights and judgment on rights verification, etc.

INFORMATION

Application of Settlement Dispute on Industrial Property

Application method: Fill out the application form from the website and apply online or by postage, fax, or e-mail.

http://www.koipa.re.kr/adr/request_2.html

Address: Dispute Settlement Committee for Industrial Property Office, 6F Korea Intellectual Property Center, Teheran-ro 131, Gangnam-gu, Seoul

Support for Intellectual Property

The government implements various support systems and programs to create, utilize, protect and educate intellectual property rights and support consulting. Through the website of the Korean Intellectual Property Office, businesses suitable for companies can be searched or application policies can be inquired by sector.

Website of Korea Intellectual Property Office : www.kipo.go.kr
(Home - KIPO's activities)

Creation Support

Supported Business	Executing Organization	Contact
Advance support for IP service on behalf of SMEs	Korea Invention Promotion Association www.kipa.org	+82-2-3459-2862
Researcher-centered Strategic support of R&D-prior plan		+82-42-481-8248 (KIPO)
Promotion of global leading IP company		+82-2-3459-2827
Business of strategic support of common core technology IP for enterprise groups	Korea Intellectual Property Strategy Agency www.kista.re.kr IP total support portal https://biz.kista.re.kr/ippro	+82-2-3287-4258
Patent voucher for startups		+82-2-3287-4217
Study on trends of Government R&D patent technology		+82-2-3475-8536
Government R&D patent design support		+82-2-3475-1325
Government R&D patent strategy support		+82-2-3475-8535
Global innovation IP strategy development		+82-2-3287-4238
Support R&D strategies for linking intellectual property rights		+82-2-3287-4253
Support for standard patent creation		+82-2-3475-8553

Life Invention Korea	Korea Women Inventors Association www.womanidea.net	+82-2-538-2710
IP Narae program, IP Didimdol program	Regional Intellectual Property Center www.ripc.org	+82-1661-1900
Intellectual property data gift system	Korea Institute of Patent Information http://plus.kipris.or.kr	+82- 1544-8080

Utilization Support

Support Provided	Executing Organization	Contact
Support to establish a patent gap fund		+82-2-3475-8524
Support to examine patents of a public institute	Korea Intellectual Property Strategy Agency www.kista.re.kr	+82-2-3287-4392
Support to establish a patent portfolio by each item	IP total support portal https://biz.kista.re.kr/ippro	+82-2-3475-8514
Support for invention interview based on demand		
Support to create overseas demand for intellectual property service company	Korea Association of Intellectual Property Service www.kaips.or.kr	+82-2-3789-0606
Support to trade intellectual property		+82-2-3459-2882
Recommendation system of prior purchase of superior invention	Korea Invention Promotion Association www.kipa.org	+82-2-3459-2798
Support for evaluation of IP link commercialization	IP-Market www.ipmarket.or.kr	+82-2-3459-2938
Support for evaluation of IP financial linkage		

Protection Support

Support Provided	Executing Organization	Contact
Report system for false indications of intellectual property rights	Korea Intellectual Property Protection Agency www.koipa.re.kr	+82-1670-1279 (Report Center) 1279@koipa.re.kr
Protection voucher for overseas intellectual property rights		+82-2-2183-5870
Support for consulting prevention of international disputes on intellectual property rights		+82-2-2183-5870
Support to protect intellectual property rights in Hallyu contents		+82-2-2183-5880
Support a consultative institute on joint responses to disputes over intellectual property rights		+82-2-2483-5898
Establishment of system for protecting K-brands		+82-2-2183-5890
Support an early response on overseas disputes on intellectual property rights	KOTRA International Intellectual Property Rights Office www.kotra.or.kr	+82-2-3460-3359
Operation of overseas intellectual property center (IP-DESK)		
Operation of trade secret protection center	Trade Secret Protection Center www.tradesecret.or.kr	+82-1666-0521
Dispute settlement system for industrial property	Dispute settlement committee for industrial property www.koipa.re.kr/adr	+82-42-481-5925
Administrative investigation and recommendation for corrective action of unfair competition	Korea Intellectual Property Protection Agency Unfair competition investigation team www.patent.go.kr:7078	+82-2-2183-5837 5837@koipa.re.kr
Operation of reward system for reporting counterfeit goods	Korea Intellectual Property Office Industrial property investigation team www.patent.go.kr:7078	+82-42-481-5812/8324
Operation of special judicial police for intellectual property		

Education and Consulting Support

Support Provided	Executing Organization	Contact
Consulting employee invention system		+82-2-3459-2794, 2847
Support to leading university of intellectual property education		+82-2-3459-2804
Promotion of next-generation gifted enterprises based on intellectual property		+82-2-3459-2927
Training session for working-level employee for overseas intellectual property	Korea Invention Promotion Association www.kipa.org www.ipacademy.net	+82-2-3459-2815
Customized on-site education on intellectual property		+82-2-3459-2835
Smart IP education		+82-2-3459-2788
Operation of patent support consultation window		+82-2-3459-2822, 2838
Talent sharing of intellectual property		+82-2-3459-2825
Dispatch of patent management expert	Korea Intellectual Property Strategy Agency www.kista.re.kr	+82-2-3475-8514
Operation of Patent Consulting Center	Patent Consulting Center www.pcc.or.kr	+82-2-6006-4300
Patent information search and education on electronic application	Korea Institute of Patent Information www.kipi.or.kr / www.kipris.or.kr	+82-2-569-2865
Linkage of education with employment for intellectual property service company	Korea Association of Intellectual Property Service www.kaips.or.kr	+82-2-3789-0607

Event Support

Support Provided	Executing Organization	Contact
Korea Student Invention exhibition	Korea Invention Promotion Association www.kipa.org www.koscc.net	+82-2-3459-2748
Student creativity tournament		+82-2-3459-2748
University creativity and invention tournament		+82-2-3459-2813
Korea Intellectual Property Convention		+82-2-3459-2950, 2796
Event on Invention Day		+82-2-3459-2950
D2B Design Fair	D2B Disign Fair www.d2bfair.or.kr	+82-2-928-0582
Idea competition for utilization of IP information	Korea Institute of Patent Information http://plus.kipris.or.kr	+82-2-6915-1429, 1433
Patent prize	Korea Intellectual Property Office www.patent.go.kr	+82-42-481-3461 (Department of patent examination system)

Other Support

Support Provided	Executing Organization	Contact
Certification system for best company in employee invention	Korea Invention Promotion Association www.ip-job.org	+82-2-3459-2794, 2847
Certification system for intellectual property management	Korea Invention Promotion Association www.ipcert.or.kr	+82-2-3459-2861
Commission reduction system	Korea Intellectual Property Office www.patent.go.kr www.kipo.go.kr	+82-42-481-5083
Tax support related to intellectual property rights		+82-42-481-5175
Providing intellectual property point and its usage		+82-42-481-5083
A system of patent referee-public agent		+82-42-481-8444
Patent deduction business		+82-42-481-5175, 5423

INFORMATION

Plans to Improve Company Growth Support System by IP Incentives

The Restriction of Special Taxation Act is in the process of being revised in order to reduce the patent cost burden on small and medium size enterprises and provide tax benefits for patent mutual aid members.

Plans to Improve Taxation on Intellectual Property

Type of Tax Break	As of 2018	Improvement Plan
Creation	Tax credit for patent application and registration	SMEs (25%)
	Tax credit for patent examination and analysis	SMEs (25%)
Utilization	Tax reduction for income from technology transfer	→ SMEs and middle-standing enterprises (50%) Conglomerates (10%)
	Tax reduction for income from technology leasing	SMEs and middle-standing enterprises (25%)
	Tax credit for income from technology acquisition	SMEs and middle-standing enterprises, major enterprises (25%)
Protection	Tax credit for contributions to patent mutual aid	SMEs (10%) Middle-standing enterprises (5%)

Source : Korea Intellectual Property Office Work Plan for 2019 (Jan. 2019)



Foreign Investment Ombudsman 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-support 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.

Function and Authority of the Foreign Investment Ombudsman System

1. Method of Appointment and Function

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 subparagraphs. 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.

※ Related laws : Article 15-2 (3),(4) of the Foreign Investment Promotion Act

In Detail

1. Standards of Submitting Data to the Relevant Administrative Agency

- Where it is necessary for investigating whether a foreign investment-related system complies with international practices or standards;
- Where it is necessary for tackling difficulties experienced by foreign-invested companies in their management or improving the related systems
- Where it is necessary for improving the living conditions of foreign investors and foreigners working for foreign capital-invested companies

Article 21-3 (2) of the Foreign Investment Promotion Act

2. Obligation of Confidentiality of Information

No Foreign Investment Ombudsman shall use data received from the heads of relevant administrative agencies, etc., or confidential information that they have become aware of in the course of performing duties for any purposes other than those prescribed by this Act, or divulge it to any third party.

Article 15-2 (8) of the Foreign Investment Promotion Act

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 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 (3) of the Enforcement Decree of the Foreign Investment Promotion Act

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.

Supported areas : HR & labor environment, finance and foreign exchange, tariff and customs, construction, IT and intellectual property rights, settlement environment

3. Procedures for Grievance Settlement

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

- ① Home Doctors receive foreign investor's or foreign-invested company's grievance via on-site visit, online or email
- ② Examine the grievance and seek a resolution by contacting relevant organizations, if they exist
- ③ Maintain and manage matters related to the grievance resolution in the SCRM, KOTRA's customer management system, and notify the filing company of the results

Source : Annual Report of Foreign Investment Ombudsman in 2018 (Apr. 2019)

Procedures for Grievance Settlement



INFORMATION

Contact the Foreign Investment Ombudsman for grievance resolution

+82-2-3497-1827

Address : Foreign-invested Company Grievance Settlement Office, 6F Invest Korea Plaza, Hyeoleung-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 in cooperation with the Regulatory Reform Committee under the Office of Government Policy Coordination to seek the opinions of foreign-invested companies. The government and National Assembly's legislative proposals relevant to foreign investment are translated into English and submissions made by foreign investors are referred to relevant government bodies.

The Foreign Investment Ombudsman website (Regulatory information):

<http://ombudsman.kotra.or.kr>



Details of Service

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.
Regulatory Reform Sinnungo (Request for improving the existing regulation)	Collecting proposals regarding the existing regulation in effect, sending replies to the government ministry and office concerned.

Source : Annual Report of Foreign Investment Ombudsman in 2018 (Apr. 2019)

1. Regulatory Information Service for Foreign Investors

English version of the Regulatory Information Portal (e.better.go.kr)

Foreign Investment ombudsman website (ombudsman.kotra.or.kr)



2. Regulatory Information Newsletter

A newsletter containing regulatory information considered as directly or indirectly related to foreign investment is uploaded after being translated into English. In addition, newsletters are distributed via email twice a month.

3. Method of Application for Newsletter of Regulatory Information

Application : Available in Foreign Investment Ombudsman website (Bulletin Board -> Newsletter)

Contact: +82-2-3497-1827, Email (oa_info@kotra.or.kr)



INFORMATION

Method of Application for Newsletter of Regulatory Information

Application : Available in Foreign Investment Ombudsman website (Bulletin Board
→ Newsletter) Contact : +82-2-3497-1827, Email (oa_info@kotra.or.kr)

Q1. Who can use the Foreign Investment Ombudsmen system?

Foreign investors and all companies registered as foreign-invested companies in Korea may use the system.

Q2. How can a company file its grievance with the Office of Foreign Investment Ombudsman?

A foreign-invested company may file its grievance through any convenient means, including e-mail, the Ombudsman's website (Q&A), phone, fax, Twitter and in person. Companies may also receive on-site assistance from consultants of the Office of Foreign Investment Ombudsmen.

Q3. How much does grievance resolution cost?

All steps in the grievance resolution process, including consultation and assistance, are provided to foreign-invested companies at no charge.

Q4. In what areas can grievance resolution be applied?

The resolution for grievances is 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.

Q5. Will a consultation with the Ombudsman's Office be kept confidential?

Other than for the purpose of resolving the problem, all grievances filed would be kept strictly confidential and not revealed to any third party pursuant to Source, Article 15-2 of the Foreign Investment Promotion Act.

Q6. Could a filing company be at a disadvantage with government authorities or local government agencies for filing a grievance?

The Ombudsmen's Office seeks to resolve grievances from the foreign investor's point of view. Also, cases involving government agencies can be handled anonymously at the request of the filing company or if deemed necessary.

Q7. How can a filing company check the status of the grievance resolution process?

A Home Doctor will keep the company informed through every step of the resolution process, and receive other inquiries at any time.

Source : Annual Report of Foreign Investment Ombudsman in 2018 (Apr. 2019)

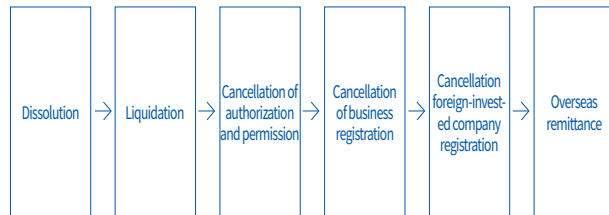


Dissolution and Liquidation

When a foreign-invested company discontinues its business, its corporate personality shall be lost through a procedure of dissolution, liquidation, cancellation of authorization and permission and its business registration, cancellation of foreign-invested company registration. If every process is completed, it is possible to transfer the surplus assets distributed by its equity ratio after the liquidation of its liabilities. A separate liquidator is appointed to carry out liquidation.

Dissolution

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. It is impossible to reduce the period to less than two months because the period of notice to creditors shall not exceed two months according to Article 535 of the Commercial Act.



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.

Required documents

Corporate Dissolution

Registration of incorporation: Online Registry of Supreme Court 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 : +82-1544-0773->2->3

Grounds for Corporate Dissolution

- Termination of the period of existence or occurrence of any events specified in the articles of incorporation
- Merger
- Bankruptcy
- Order or judgment of a court.
- Division or merger after division of the company
- Resolution passed at a general meeting of shareholders

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. Liquidators' Reports

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.

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, within three weeks for the other branches.

Required documents

Registration of Completion of Liquidation

Registration of liquidation: Internet register office 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 : +82-1544-0773->2->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 a borough 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.

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).

Required documents

Cancellation of Business Registration

Report on business suspension or closure

(Ministry of Government Legislation → Value added tax → Form no. 9 of the Enforcement Rule of the Value Added Tax ; 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 a local tax office : +82-126-2 -> 2

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.

Overseas Remittance

Collection of surplus equity for investment and overseas remittance are guaranteed by the Article 3 (1) of the Foreign Investment Promotion Act and the Article 6 (4) of the Foreign Exchange Transactions Act.

Required documents

Cancellation of Foreign-Invested Company Registration

A copy of application of foreign-invested company registration

(Attached form No. 17 : 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)

Required documents

Overseas Remittance

Confirmation of cancellation of foreign-invested company registration

(Attached form No. 18-2 in the Enforcement rules of the Foreign Investment Promotion)

Liquidation report certified by the CPA

Certification of tax payment (issued by the tax office in jurisdiction)

Local tax clearance certification (issued by borough office of Si/Gun/Gu)

Certificate of deposit

Certificate of all matters of incorporation registration(Liquidation completed)

Liquidator's certificate of seal or corporate certificate of seal

* Where an agent files an application : Power of attorney and the agent's identification(ID card)



INDIVIDUAL BUSINESS



INDIVIDUAL BUSINESS

The establishment process of an individual business whose business entity is an individual is the same as the process of a corporation established by shareholders with capital excluding the step of incorporation registration. However, it is different from a corporation in regard to the method of taxation, accounting and financial management, and the D-8-3 or D-9 visa which allows the business owner to stay in Korea. When the business is discontinued, it is possible to transfer the surplus assets to a home country after a procedure of cancellation of authorization and permission, business registration, and alien registration.





Individual Business

Differences between Individual Business and Corporate Business

	Individual Business	Corporate Business
Applicable Law	Income Tax Act	Corporate Tax Act
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.
Obligation of tax payment	Only for the income in the relevant year	For business income and liquidated income of each business year
Tax rate	6-42%	10-25%
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.
Obligation of bookkeeping	Only individual companies of certain size or larger are obligated to prepare a financial statement.	Every corporation is obligated to prepare a financial statement.
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.
Use of Property	Profits earned from business belongs to the business owner.	Profits earned from business primarily belong to the corporation.

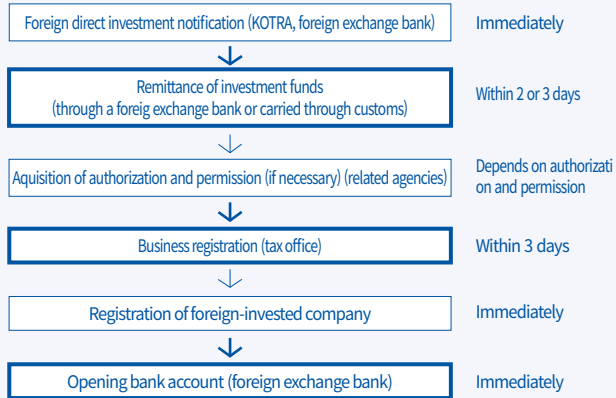
If an individual business switches to a stock company, it may work to an advantage in terms of tax savings. Individual businesses with a low tax base according to the tax rate table have an advantage on tax payment, although if the tax base is above a certain amount, a corporation has an advantage.

Establishment Procedures

Comparison of the Process of Establishment in Individual Business and Corporation

A corporation assumes corporate personality through incorporation registration in the registration office in the relevant jurisdiction and via business registration in the tax office in jurisdiction. An individual business can commence business by applying for business registration at the relevant tax office without business registration.

Flow Chart of Foreign Investment for Individual Businesses



A foreign investor is required to file pre-notification of FDI to KOTRA (KOTRA's Investment Consulting Center or its overseas investment hub offices) or delegated agencies (headquarter or branch of a foreign exchange bank).

Required documents

Foreign Direct Investment Notification

In case of equity investment

- 2 copies of the notification form (Enforcement Rules of the Foreign Investment Promotion Act, attached form no. 1: Application for Notification of foreign investment by acquisition of stocks or contribution and application for its permission)
- Foreign investor's certificate of nationality (foreign individuals: passport)

In case of long-term loan

- 2 copies of the notification (Enforcement Rules of the Foreign Investment Promotion Act, Attached Form 2: Notification of foreign investment in the form of a long-term loan)
- Foreign investor (loan provider)'s certificate of nationality
- Copy of the loan contract (the lender: the investor him/herself)

In case of non-cash investments

Documents certifying object of investment (e.g., price evaluation certificate documents on industrial property rights, etc.)

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

2. Remittance of Investment Fund

A foreign investor may remit investment funds by wire transfer to the temporary account of a foreign exchange bank in Korea 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.

INFORMATION

How to Open a Temporary Bank Account

It is possible to open a temporary bank account by submitting documents certifying nationality (passport) to the bank.

However, the required documents may differ by each bank.

The investment fund must be remitted with foreign currency and the purpose of remittance must be stated as 'investment.'

3. Authorization and Permission

Where necessary for business, a foreign investor must acquire authorization and permission from the competent authorities, such as a district office, regional health center, and the Ministry of Food and Drug Safety. The processing period may change depending on the sort of authorization and permission for the type of business.

In Detail

Examples of the Type of Businesses that Need Authorization and Permission

Cosmetics manufacturing, sales and import of cosmetics, food manufacturing, 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 international patients, import of liquor, small-scale manufacturing of beer, job placement, currency exchange, etc.

4. Business Registration

Every tax office accepts business registration regardless of the jurisdiction, with total processes taking three days.

5. Opening a Business Bank Account

A foreign investor may open a business account from a foreign exchange bank. An account can be opened immediately, but it needs careful consideration to choose the bank since opening an additional account at another bank is restricted for twenty business days.

6. Registration of Foreign-Invested Company

Registration of foreign-invested company is required as the last step of foreign investment, and an application shall be filed to KOTRA or a foreign exchange bank where the notification was made at first. The registration should be completed within sixty days of the business registration.

INFORMATION

Contact

Notification and registration of FDI : KOTRA : +82-2-1600-7119

Business registration: Officer in charge of value added tax in the National Tax Service : +82-126-2->2

Required documents

Business Registration

Application Form (Enforcement of Rules of Value Added Tax attached form no. 4: Application of business registration), lease contract, foreign currency purchase certificate, copy of passport, foreign investment notification form, certificate of authorization and permission, etc.

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

Required documents

Opening a Business Bank Account

Copy of business license, seal of the representative of the business, copy of representative's identification (ID card)

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

Required documents

Registration of Foreign-Invested Company

Application form (Enforcement Rules of the Foreign Investment Promotion Act, attached form no. 17: Application form for foreign-invested company registration), foreign currency purchase certificate, copy of business license

* Where an agent files an application : Power of attorney and the agent's identification (ID card)

Taxation

1. Taxpayer and Taxable Income

Individuals shall file and pay tax on his/her global income, retirement income, and capital gains according to the Income Tax Act. Global income is reported 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 Report

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.

4. Tax Rate

The following tax rate is applied to global income and retirement income, while a separate tax rate is applied to capital gains depending on the type of asset and the period of possession.

Tax Base	Tax Rate
KRW 12 million or less	6% of the tax base
More than KRW 12 million not exceeding KRW 46 million	KRW 720,000 + (15% of exceeded amount of KRW 12 million)
More than KRW 46 million not exceeding KRW 88 million	KRW 5.82 million + (24% of exceeded amount of KRW 46 million)
More than KRW 88 million not exceeding KRW 150 million	KRW 15.9 million + (35% of exceeded amount of KRW 88 million)
More than KRW 150 million not exceeding KRW 300 million	KRW 37.6 million + (38% of exceeded amount of KRW 150 million)
More than KRW 300 million not exceeding KRW 500 million	KRW 94.6 million + (40% of exceeded amount of KRW 300 million)
Exceeding 500 million	KRW 174.6 million + (42% of exceeded amount of KRW 500 million)

Local tax (10% of the income tax) should be paid as well.

Visa

A foreign investor who is an individual business owner can obtain International Trade (D-9) and Individual Enterprise (D-8-3) visas.

1. International Trade(D-9)

This visa is for foreigners who manage, trade and run commercial business.

- For an individual business owner who has introduced foreign capital according to the Foreign Exchange Transactions Act, and registered business license.
- For an individual business owner who has introduced foreign capital according to the Foreign Exchange Transactions Act, and obtained certificate of foreign-invested company registration

Required documents

Change of Status of Sojourn and Alien Registration

- ① Application form (Attached form no. 34 of the Enforcement Rules of the Immigration Act)
- ② Passport, color passport photo
- ③ Certificate of tuberculosis examination (confirmation issued by the local community health center) in the case of nationals of countries with high incidence of tuberculosis
List of the country with high incidence of tuberculosis
 Nepal, East Timor, Russia, Malaysia, Mongolia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Uzbekistan, India, Indonesia, China, Cambodia, Kyrgyzstan, Thailand, Pakistan, Philippines, Laos
- ④ Copy of certificate of foreign-invested company registration
- ⑤ Copy of business license
- ⑥ Document certifying the place of residence (including real estate lease contract)
- ⑦ Office lease contract
- ⑧ Certificate of introduction of investment fund;
 - Permission (or declaration) to carry out foreign currency issued by the tax office or bank of the investor's home country (if applicable)
 - Incoming remittance details (if transferred) or customs declaration (if carried out)
 - Certificate of foreign exchange purchased
- ⑨ Certifications of sales (including results of import and export, if sales existed);
 - Certification of completion of export declaration (import and export permit), certificate of VAT tax base
 - Tax clearance certificate (VAT and income tax)
 - Tax invoice
- ⑩ Bank account and a copy of its details of transaction
- ⑪ Document certifying expenditure of capital
 - Receipt for purchase of goods
 - Office interior design expense, etc.
 - Withdrawal and deposit records of bank account in Korea
- ⑫ A color photo of office (photo of building, office space, signage, etc.)
- ⑬ Document certifying business experience in the relevant industry or field from home country (if necessary)

※ More or fewer documents may be required according to types of business and investment

2. Unincorporated Enterprise (D-8-3)

The eligible applicant is an indispensable specialist who plans to engage in the field of manufacturing, technology or management, administration of a foreign-invested company run by a Korean national. The applicant should invest at least KRW 100 million in the company run by a Korean national, own at least 10 percent of the total investment amount, and be registered as co-representative with the Korean national on the business registration certificate. In addition, the capital invested by a Korean co-representative should also be at least KRW 100 million.

In Detail

Requirements for Issuance

- Persons employed in Korea are not included
- The person should be registered as a co-representative with a Korean national on the business registration certificate
- Capital invested by Korean co-representative should be at least KRW 100 million

Required documents

Unincorporated Enterprise

- ① Application form (form no. 34 of the Enforcement Rules of the Immigration Act)
- ② Passport, color passport photo
- ③ Certificate of tuberculosis examination (confirmation issued by the local community health center) in the case of nationals of countries with high incidence of tuberculosis
- ④ Copy of certificate of foreign-invested company registration
- ⑤ Copy of business license
- ⑥ Original copy of contract of joint business
- ⑦ Document certifying the business fund from Korean co-operator
- ⑧ Document certifying the place of residence (including real estate lease contract)
- ⑨ Copy of office lease contract
- ⑩ 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
 - Incoming remittance details (if transferred) or customs declaration (if carried in)
 - Certificate of purchasing of foreign currency
- ⑪ Document certifying sales record (results of import and export, etc. if sales existed);
 - Certificate of completion of export declaration (import and export permit), certificate of value added tax
- ⑫ Copy of bank account with business dealings
- ⑬ Documents certifying expenditure of capital
 - Purchase receipt for goods
 - Office interior design expense, etc.
 - Withdrawal and deposit records of incorporate bank book
- ⑭ Photograph (facade of building, office space, signboard of the company, etc.)
- ⑮ Document certifying business experience in the relevant industry or field (if necessary)

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

Process of Business Closure

When a foreign-invested company closes or suspends business, the surplus assets can be transferred to the home country through cancellation of authorization and permission, business registration, and foreign-invested company registration.

1. 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 a borough 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.

2. 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 national tax information network).

3. Cancellation of Foreign-Invested Company Registration

When a foreign-invested company closes its business, the 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.

Required documents

Cancellation of Business Registration

- Report of business suspension or closure
(Ministry of Government Legislation->Value Added Tax Act->Attached Form no. 9 of the Enforcement Rules of the Value Added Tax Act; Report on business suspension or closure)
- Original copy of business license

* Where an agent files an application: Power of attorney and the agent's identification (ID card)

Contact : Officer in charge of VAT in the National Tax Service : +82-126-→2-→2

Required documents

Cancellation of Foreign-Invested Company Registration

- A copy of application for foreign-invested company registration (Attached form No.17: Application for foreign-invested company registration)
- ※ Invest Korea website (www.investkorea.org) Resources → Library → Forms
- 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)

4. Overseas Remittance

Collection of the surplus equity for investment and overseas remittance are guaranteed by the Foreign Investment Promotion Act.

Required documents

Overseas Remittance

- Confirmation of cancellation of foreign-invested company registration
- Liquidation report certified by the CPA
- Certificate of tax payment (issued by the tax office in jurisdiction)
- Local tax clearance certification (issued by borough office of Si/Gun/Gu)
- Certificate of deposit

* Where an agent files an application: Power of attorney and the agent's identification (ID card)



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

Related Laws

	Act on Report of Real Estate Transactions, Etc.	Foreign Investment Promotion Act	Foreign Exchange Transactions Act
Applicable parties	Foreign individuals, foreign corporations, domestic corporations with foreign shareholdings of 50 percent or more, foreign governments, international organizations, etc.	Foreign individuals, foreign corporations, permanent residents, international organizations for economic cooperation, etc.	Non-residents
Key regulations	Real estate acquisition notification: In the case of acquisition of domestic real estate by a foreigner, etc.	Foreign investment notification: In the case of a foreign investor's acquisition of domestic real estate through a foreign-invested company	Property acquisition notification: In the case of non-residents' acquisition of rights related to domestic real estate (right to lease on a deposit basis, mortgage, etc.)
Where to report	Si/Gun/Gu office having jurisdiction over the land	Foreign exchange bank, KOTRA	Foreign exchange bank
Reporting period	Within 60 days of concluding a contract	Prior to bringing in investment funds	When withdrawing real estate acquisition funds
Governing authority	The Ministry of Land, Infrastructure and Transport	The Ministry of Trade, Industry and Energy	The Ministry of Economy and Finance

Acquisition Procedure and Required Documents

1. Foreign-Invested Company

The Act on Report on Real Estate Transactions, Etc., the Foreign Investment Promotion Act, and the Registration of Real Estate Act shall be applied when a foreign-invested company acquires real estate to engage in profit-making activities in Korea.

Acquisition Procedure



① Notify and register the foreign investment at the head or branch office of a foreign exchange bank or KOTRA

② Make a payment after conclusion of real estate acquisition contract.

③ Report the land acquisition at the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be within 60 days of the date of contract conclusion and the required document is the real estate acquisition contract.

④ Register a transfer of ownership at the competent registry office within sixty days of the contract conclusion date or balance payment date. The required documents include a certified copy of corporate registration (individuals: copy of alien registration card), application for registration, documents certifying reasons for registration (approved contract, etc.), registration certificate, and certified copy of real estate registration. A power of attorney and an agent's ID card is required additionally in case of application by the agent.

2. Resident Foreigners: Foreigners, Domestic Branches of a Foreign Corporation

The Act on Report of Real Estate Transactions, etc., and Registration of Real Estate Act shall be applied when a resident foreigner acquires real estate in Korea.

Acquisition Procedure

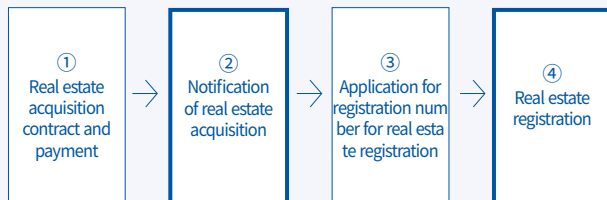


- ① Make a payment after conclusion of the real estate acquisition contract.
- ② Report the land acquisition at the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be made within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ③ Register transfer of ownership at the competent registry office within sixty days of concluding contract or from the balance payment date. Required documents include the a certified copy of branch office registration (individuals: copy of alien registration card), an application for registration, documents certifying reasons for registration (approved contract, etc.), a registration certificate, and a certified copy of real estate registration. A power of attorney and an agent's ID card is required additionally in case of application by an agent.

3. Non-Resident Foreigners

The Foreign Exchange Transaction Act, the Act on Report of Real Estate Transactions, etc., and the Registration of Real Estate Act shall be applied when a non-resident foreigner acquires real estate in Korea.

Acquisition Procedure



- ① Conclude the real estate acquisition contract.
- ② Make the payment for the real estate.
- ③ Notify the real estate acquisition to the head or branch office of a foreign exchange bank according to the Foreign Exchange Transactions Act when withdrawing real estate acquisition funds. Required documents are the real estate acquisition contract, real estate appraisal report or publicly notified

land price certificate, and certified copy of real estate registration. The acquisition of rights to real estate (real right, right to lease, etc.) should be notified, as well, while the notification of acquisition of rights is required for further overseas remittance of the gains on disposal of the real estate.

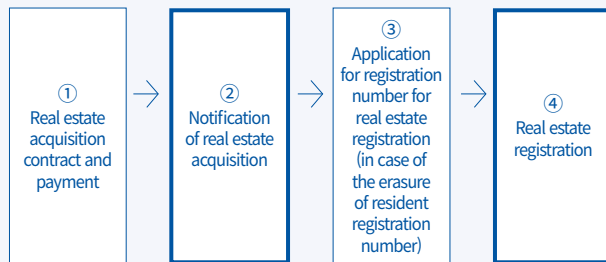
④ Notify the real estate acquisition to the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.

⑤ A registration number shall be assigned by the head of a local immigration office having jurisdiction over his/her place of residence (if he/she has no place of residence in Korea, the seat of the Supreme Court shall be deemed his/her place of residence). Required documents for individuals are certified copy of land acquisition report and copy of passport; besides the documents for corporations are certification of completion of land acquisition notification, corporate registration certificate and documents certifying the company's representatives and their addresses issued by authorities in the home country, etc. A power of attorney and an agent's ID card is required additionally in case of application by an agent. A registration of transfer of ownership shall be accepted at the competent registry office within sixty days of concluding the contract or from the balance payment date. Required documents are certified copy of corporate registration (individuals: copy of alien registration card), application for registration, documents certifying reasons for registration (approved contract, etc.), registration certificate, certified copy of real estate registration. A power of attorney and an agent's ID card is required additionally in case of application by an agent, as well.

4. Permanent Residents

Permanent residents hold the nationality of the Republic of Korea and are treated equally as Korean nationals regardless of whether he/she resides in Korea. The Foreign Exchange Transaction Act, the Act on Report on Real Estate Transactions, Etc. and the Registration of Real Estate Act shall be applied when a permanent resident acquires real estate in Korea.

Acquisition Procedure



- ① Make a payment after conclusion of the real estate acquisition contract.
- ② Report the land acquisition to the Si/Gun/Gu office having jurisdiction over the real estate concerned. The report shall be made within sixty days of the date of contract conclusion and the required document is the real estate acquisition contract.
- ③ If the resident registration number has been cancelled, it is acceptable to make an application for registration with the registration number for real estate registration through the Seoul District Court. The required documents are the certificate of address*, certificate of residence or overseas Korean national registration card.
- ④ Register transfer of ownership at the competent registry office within sixty days of concluding the contract or from the balance payment date. The required documents are the certified copy of branch office registration (individuals: copy of alien registration card), application for registration, documents certifying reasons for registration (approved contract, etc.), registration certificate, certified copy of real estate registration. A power of attorney and an agent's ID card is required additionally in case of application by the agent.

* Certificate of address: Certificate of overseas residency issued by a diplomatic mission abroad

Remittance of Real Estate Transaction Funds

Foreign-Invested Company

A foreign-invested company may remit funds only in the name of capital reductions, dividends or liquidated funds. A domestic branch may remit the funds as operating revenue or liquidated funds.

Resident Foreigner

Funds carried in or remitted from abroad requires a notification to the head of a foreign exchange bank with documents certifying payment attached. However, the purchase of real estate from funds generated domestically requires a notification to the governor of the Bank of Korea.

Non-Resident Foreigner

Overseas remittance of gains from disposal of real estate is available with the notification documents for acquisition. However, if real estate acquisition had not been notified, notification should be made to the governor of the Bank of Korea.

Relevant Tax for Real Estate

Stage	Tax	Note
Acquisition	Standard tax rate	<ul style="list-style-type: none"> • 4 % of the acquisition price (acquisition of real estate other than farmland (3 %) by succession for value) ※ Houses acquired by succession for value (acquired on or after Aug. 28, 2013): 1 to 3 %
	Acquisition tax	<ul style="list-style-type: none"> • Acquisition of real estate for the construction and expansion of factories in overconcentration control areas in the Seoul metropolitan area: 3 times the standard tax rate minus 2 times the heavy tax rate (2 %) • Acquisition of real estate for use as the headquarters of companies in overconcentration control areas in the Seoul metropolitan area (limited to constructions and expansions): Standard tax rate + 2 times the heavy tax rate (2 %) • Luxury assets such as vacation houses, golf clubs, luxury recreation facilities, luxury vessels and mansions: Standard tax rate + 4 times the heavy tax rate (2 %)
	Abated	<ul style="list-style-type: none"> • Abated for companies engaging in a business accompanying new growth engine technology, companies operating in Foreign Investment Zones or Free Economic Zones
	Surtax	<ul style="list-style-type: none"> • Special tax for rural areas, local education tax, etc.
	VAT	<ul style="list-style-type: none"> • 10 % of the building acquisition price (deductible as input tax when operating a business) • Exempted when a house of 85m² or smaller is acquired
Holding	Property tax	<ul style="list-style-type: none"> • Housings: 0.1-0.4 % (4 % in the case of vacation houses) • Buildings: 0.25-0.5 % (4 % in the case of buildings in golf clubs or luxury recreation facilities: 1.25 % for five years in the case of factories newly built or expanded in overconcentration control areas) • Land: 0.2-0.5 % in the case of land subject to inclusive taxation; 0.2-0.4 % in the case of land subject to separate taxation; 0.07-0.2 % in the case of land subject to separate taxation (4 % in the case of land used for private membership golf clubs and luxury recreational facilities)
	Abated	<ul style="list-style-type: none"> • Identical to the abatement of acquisition tax
	Heavy taxation	<ul style="list-style-type: none"> • When a factory is newly built or expanded in overconcentration control areas: 5 times the standard tax rate for 5 years
	Comprehensive real estate tax	<ul style="list-style-type: none"> • Houses (officially assessed land price exceeding KRW 600 million) 2 houses : 0.5-2.7 % of the tax base, 3 or more houses: 0.6-3.2 % of the tax base • Land (inclusive aggregate price exceeding KRW 500 million or separate aggregate price exceeding KRW 8 billion) Inclusive aggregate: 1.0-3.0 % of the tax base, Separate aggregate: 0.5-0.7 % of the tax base
Sales	Other surtax	<ul style="list-style-type: none"> • Local education tax (20 % of property tax) • Special tax for rural areas (20 % of the comprehensive real estate tax)
	Individuals	<ul style="list-style-type: none"> • Unregistered assets: 70 % • Less than one year after registration: 50 % (40 % in the case of houses) • One year or longer and less than two years after registration: 40 % (basic tax rate for houses etc. : 6-38 %) • Two years or longer after registration: 6-42 % (progressive tax rate applied)
	Corporations	<ul style="list-style-type: none"> • Corporate income tax imposed on gains as included in non-operating income • An additional 10 % corporate income tax (40 % if not yet registered) is charged on the transfer income from the sale of houses (including rental housings, certain company-owned houses provided by employers) or non-business use land
	Local income tax	10 % of transfer income tax or corporate income tax
	VAT	10 % of the transfer price of buildings (collected from the transferee)

Real Estate Brokerage Commission

The table below is the rate of real estate brokerage compensation provided by the National Association of Realtors. Rates are subject to change by city or province revision ordinance.

Real Estate Brokerage Commission Rate: Criteria of Seoul Metropolitan City

Houses

Transaction	Transaction Amount	Upper Limit Rate	Ceiling (amount)
Dealing, Exchange	Less than KRW 50 million	6/1000ths	KRW 250,000
	KRW 50 million-Less than KRW 200 million	5/1000ths	KRW 800,000
	KRW 200 million- Less than KRW 600 million	4/1000ths	N/A
	KRW 600 million- Less than KRW 900 million	5/1000ths	N/A
	KRW 900 million or more	Within 9/1000ths of the transaction amount	
Lease etc. (transactions other than sales or exchange)	Less than KRW 50 million	5/1000ths	KRW 200,000
	KRW 50 million- Less than KRW 100 million	4/1000ths	KRW 300,000
	KRW 100 million-Less than KRW 300 million	3/1000ths	N/A
	KRW 300 million-Less than KRW 600 million	4/1000ths	N/A
	KRW 600 million or more	Within 8/1000ths of the transaction amount	

Officetel (Studios)

Transaction	Upper Limit Rate
Dealing/Exchange	5/1000ths
Lease etc.	4/1000ths

Others: Land, Shopping Arcade

Transaction	Upper Limit Rate	Decision of Commission Rate	Calculation of Transaction Amount
Dealing/ Exchange Lease etc.	Within 9/1000ths of the transaction amount	Negotiated amount by clients and real estate broker within 9/1000ths of the negotiated transaction amount	Same as that of a house

**Q1. Is a foreigner eligible for protection under the Housing Lease Protection Act?**

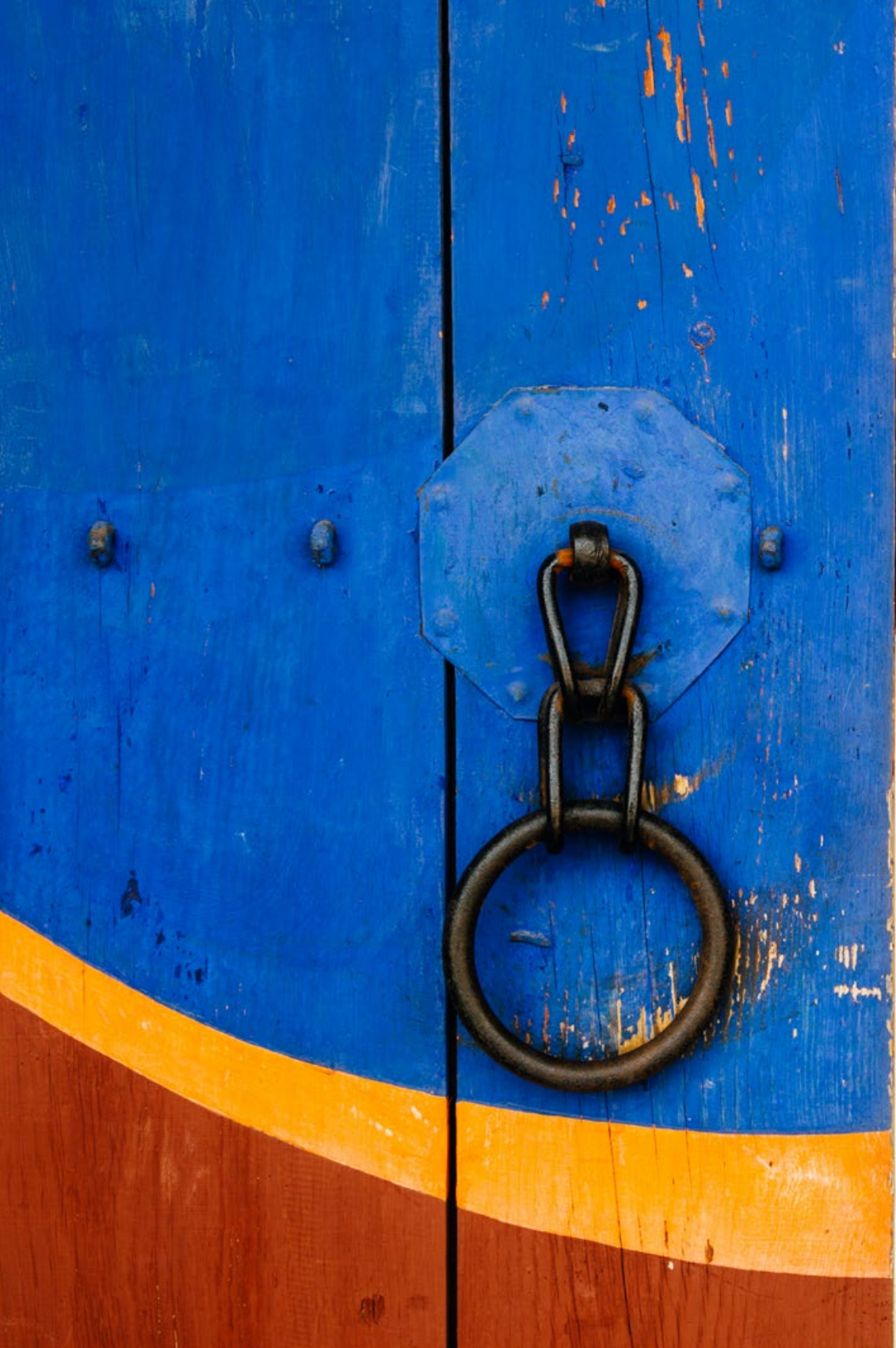
Even though it is not registered, if the lessee is provided with a house and completes resident registration, the lease shall take effect against any third person from the following day thereof. In such cases, the resident registration shall be deemed made at the time of reporting move-in. There is a Supreme Court decision that a foreigner can be protected in the same way as Korean nationals; it is said if a foreigner files for alien registration and change of status of sojourn, it shall be deemed as a resident registration and report of move-in according to the Resident Registration Act.

Q2. Is it possible for a foreigner who is not residing in Korea with no alien registration to purchase vacation facilities in Korea and transfer ownership registration?

It is possible. In the case of foreigners without a place of residence in Korea, it is deemed that the foreigner has his/her residence at the location of the Supreme Court, and thus it is possible to apply for a registration number to the head of a local immigration office or regional immigration service in the jurisdiction of the Supreme Court.

Q3. As a foreign-invested company with a foreign investment ratio of 40%, our company acquired 10,000 m² of land last year but didn't notify real estate acquisition by a foreigner. However, the company became a foreign-invested company with a foreign investment ratio of 100% by taking over all of the shares from the Korean partner this year. Does this result in a separate reporting obligation?

According to the Act on Report on Real Estate Transactions, Etc., when a corporation which possesses any real estate, etc., within the territory of the Republic of Korea and was incorporated under the statutes of the Republic of Korea changes nationality, and if the relevant foreigner intends to possess the relevant real estate continuously, the foreigner shall file a report thereon with the report-receiving authority within six months from the date of change to the foreigner. It also should be reported when a national of the Republic of Korea who possesses any real estate changes his/her nationality, regardless of acquisition of real estate.





APPENDIX

[Appendix1] Categories of Business Excluded from Foreign Investment (pursuant to Article 4)

Classification	Line of Business	Ministry in Charge
61100	Mail business	Ministry of Science and ICT
64110	Central bank	Ministry of Strategy and Finance
64912	Development and Financial Institutions (the Korea Development Bank and the Export-Import Bank of Korea under special Acts)	Ministry of Strategy 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 Strategy and Finance, Financial Services Commission
84111	Law making organ	-
84112	Central supreme executive organ	-
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 concerned
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	Correspondence 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	-

Classification	Line of Business	Ministry in Charge
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
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
85630	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

Classification	Line of Business	Ministry in Charge
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

[Appendix2]

Categories of Business with Restrictive Foreign Investment and Criteria for Permission (pursuant to Article 5)

Classification	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		
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	※ Only electric sales business in accordance with Electric Utility Act is permitted.	
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

Classification	Type of Business	Criteria for Permission	Ministry in Charge
51	International air transport business		Ministry of Land, Infrastructure and Transport
51	Domestic air transport business	Permitted if foreign investment ratio is below 50%	
51	Small-scale air transport business		
58121	Newspaper publishing business	Permitted if, in cases of a daily newspaper, its foreign investment ratio is below 30%.	Ministry of Land, Infrastructure and Transport
58122	Magazine and Periodical publishing business	Permitted if foreign investment ratio is below 50%.	Ministry of Land, Infrastructure and Transport
60100	Radio broadcasting business	<Not opened>	Korea Communications Commission
60210	Terrestrial broadcasting business	<Not opened>	Korea Communications Commission
60221	Program-providing business	<p>Permitted if foreign investment ratio dose not exceed 49% (Provided, That a program provider engaged in general programming shall be permitted if foreign investment ratio dose not exceed 20%, and a program provider engaged in specialized programming of news reports shall be permitted if foreign investment ratio dose not exceed 10%).</p> <p>※ Program providing business shall refer to the program providing business under the Broadcasting Act.</p>	Ministry of Science and ICT Korea Communications Commission
		<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; 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; and the FTA between the Republic of Korea and Australia) 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>	
60222	Cable broadcasting business	CATV broadcasting business shall be permitted if foreign investment ratio is dose not exceed 49% (Provided, That CATV relay broadcasting business shall be permitted if foreign investment ratio dose not exceed 20%).	Ministry of Science and ICT
60229	Satellite and other broadcasting business	Permitted if foreign investment ratio dose 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 dose not exceed 20%).	Ministry of Science and ICT

Classification	Type of Business	Criteria for Permission	Ministry in Charge
60229	Satellite and other broadcasting business	※ 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; 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; and the FTA between the Republic of Korea and Australia) 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)	Ministry of Science and ICT
61210	Wire communication business	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). ※ 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. ※ 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; and the FTA between the Republic of Korea and Australia) 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)	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

[Appendix3] Characteristics by Investment Site

Categories [Current status of designation]	Free Economic Zone (7, 277km ²)	Foreign Investment Zone		Free Trade Zone (7 for industrial, 6 for logistics, 30km ²)
		Complex type (26, 8.0km ²)	Individual type (77, 8.0km ²)	
Basis	Special Act on Designation and Management of Free Economic Zones	Foreign Investment Promotion Act		Act on Designation and Management of Free Trade Zones
Procedure	Request from a mayor or a provincial governor → Deliberation and decision by Committee→Designation by the Minister of Trade, industry and Energy	Request from a mayor or a provincial governor→Deliberation by Committee→Designation by a mayor or a provincial governor		Request from the head of the central administration /a mayor or a provincial governor→Deliberation by Committee→Designation by the Minister of Trade, industry and Energy
Occupancy requirement	Domestic company and Foreign-invested company	-Foreign-invested company *Foreign investment ratio 30% ↑, KRW100 million ↑ *New growth engine industrial technology business, High-tech manufacturing industry, R&D industry, Logistics industry	-Foreign-invested company with investment more than a criteria of each type of business(same as the requirements for tax reduction and exemption) -Manufacturing: USD 30million ↑ -Logistics: USD 10million ↑ -Tourism: USD 20million ↑ -R&D: USD 2million ↑ & 10 of researchers employment ↑	Domestic company and Foreign-invested company *Manufacturing: export 50% ↑ *Wholesales: export and import 50% ↑ *Logistics, Business support
Tax reduc- tion and exemp- tion	Targeted object	Foreign-invested company	Foreign-invested company	Foreign-invested company
	Require ments	-Manufacturing: USD30(10)million ↑ -Logistics: USD 10(or5)million ↑ -Tourism: USD 20(or10)million ↑ -R&D: USD 2(or1)million ↑ & 10 of researchers employment ↑ -Medical: USD 5million ↑ -Development: USD 30million ↑	-Manufacturing: USD 10million ↑ -Logistics: USD 5million ↑	-Manufacturing: USD 30million ↑ -Logistics: USD 10million ↑ -Tourism: USD 20million ↑ -R&D: USD 2million ↑ & 10 of researchers employment ↑
	Local tax	Same as the criteria of corporate tax and income tax including the type of business, the provided amount, the period, and the ratio(Restriction of Special Taxation Act) *Provided, That, companies benefit tax reduction and exemption up to 15 years in accordance with an ordinance(including Acquisition tax, Property tax, and etc.)		
	Customs	-100% of reduction for the imported goods for 5 years *Special consumption tax and VAT is reduced to 7-year type.	-100% of reduction for the imported goods for 5 years *Special consumption tax and VAT is reduced to Individual type.	-Exemption

Special Research and Development Zones (5, 139km ²)	Specialized Regional Development Zone (198, 512km ²)	Industrial Complex		Enterprise city (4, 6.16km ²)
		National Industrial Complex (44, 788km ²)	General Industrial Complex (650, 542km ²)	
Special Act on the Development of Daedeok Innopolis, ect.	Act on Special Cases concerning the Regulation of the Special Economic Zones for Specialized Regional Development	Industrial Sites and Development Act		Special Act on the Development of Enterprise Cities
Request from a mayer or a provincial governor→Deliberation by Committee→Designation by the Minister of Science and Technology	Application from province(Si, Gun, Gu)→Deliberation and decision by Committee→Designation by the Minister of SMEs and Startups	(Request from the head of the administration)→Deliberation by Council→Designation by the Minister of Land, Infrastructure, and Transport	Cooperation with related organization→Designation by a mayer or a provincial governor	Proposal from the business operator and a mayer or a provincial governor→Deliberation by Committee→Designation by the Minister of Land, Infrastructure, and Transport
Domestic company and Foreign-invested company	Domestic company and Foreign-invested company	Domestic company and Foreign-invested company		Domestic company and Foreign-invested company
Domestic company and Foreign-invested company	Domestic company and Foreign-invested company	Domestic company and Foreign-invested company		Domestic company and Foreign-invested company
-Research institute companies -High-tech companies	-	-	-	-R&D: KRW 500million ↑ & 10 of researchers employment ↑ -Logistics: KRW 1billion ↑ & 15 of researchers -Manufacturing, Engineering, etc.: KRW 2billion ↑ & 15 of researchers -Development: KRW 50billion ↑
-Acquisition tax: exempted -Property tax: 100% reduction for 7 years and 50% reduction for 3 years	-	-Acquisition tax: 50% reduction -Property tax: 75% for 5 years(province) / 35%(capital area)		-
-	-	-	-	-

Categories [Current status of designation]	Free Economic Zone (7, 277km ²)	Foreign Investment Zone		Free Trade Zone (7 for industrial, 6 for logistics, 30km ²)
		Complex type (26, 8.0km ²)	Individual type (77, 8.0km ²)	
Location support	-Land owned by State or public: Rent reduction(~50years, 50~100%)	-Collective purchase by State or Local government(Capital area: 40:60, Province: 75:25) -Rent reduction: (1% of the land value, 75~100%)		-Collective purchase by State or Local government -Land owned by State: rent for 50 years (1% of the land value, 50~100% reduction)
National subsidy	Access road			
	Arterial road, park, common duct	-Government expenditure 50% *Deliberation and decision form the Committee: 100% of expenditure is available	-Government expenditure 75%(Province) / 40%(Capital area) * No support to arterial road, park and common duct	-
	Waste water			
	Water facilities	-	· National Industrial Complex: 30%(Province) / 70%(Capital area) · General industrial Complex: 100% of Government expenditure for the area over 300thousandm ²	
	Others	Financial support to foreign education organization	Financial support to foreign education organization: Same as the criteria of the infrastructure support	Financial support to R&D, etc.
Act on Special cases	-Establishment of foreign education institute and medical institution -Exclusion of Price Regulation of Apartment Houses			
	<Special cases for foreign-invested companies> -Deregulation of labor regulations: deregulation for employment quota, unpaid leave, agency workers -USD 200million ↓ No obligation of notification of currency transfer -Casino exclusively for foreigners	Exclusion of employment quota		-Exclusion of employment quota -Exemption of traffic levy

Special Research and Development Zones (5, 139km ²)	Specialized Regional Development Zone (198, 512km ²)	Industrial Complex		Enterprise city (4, 6.16km ²)
		National Industrial Complex (44, 788km ²)	General Industrial Complex (650, 542km ²)	
-Land owned by State or public: 1% of the land value(~50 years)	-	-		-land owned by State or public: Rent(1% of the land value) rent reduction (~20%)
		-		
		Government expenditure 50%		Support to the required materials for infrastructure development including Infrastructure including access road, water facilities, and sewage facilities
-	-	Government expenditure 100% (except for Capital area)		
		Government expenditure 50%		
-Support to technology business arrangement and foreign schools	-	-		Prior support to employment training expenses
-Fictitious industrial complex -Establishment and management of foreign schools -Designated operation of foreign hospitals	-Special cases for 59 of Acts and 132 of Regulations *Deregulation or empowerment suited for the regional characteristics	Special Housing Provision: 50% of the construction(30% for overpopulation control area) shall be provided to the employee working in education or research institute in the company scheduled to move into.		-Foreign education institute(over junior colleges) -Introduction of independent schools including Independent private high school and Special-purpose high school <Special cases for foreign-invested companies> -Deregulation of labor regulations: deregulation for employment quota, unpaid leave, agency workers -USD 200million ↓ No obligation of notification of currency transfer -Casino exclusively for foreigners

* Source: Ministry of Trade, Industry and Energy

[Appendix4] 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 : 2.8%, 4.4%, 8.0%, 8.4%, etc.	
Local consumption tax	Value Added Tax (National tax)		11% of the VAT payable amount	
			Distribution of weights by region in the final consumption expenditure index by private sector	
Local income tax	Global income, Retirement income		6/1,000 ~ 42/1,000	
	Capital gains		6/1,000 ~ 42/1,000	
			10/1,000 ~ 70/1,000	
	Corporate income		10/1,000 ~ 25/1,000	
	Extraordinary collection		10/100 of the income tax	
Residence tax	Per capita portion	Individual · Corporation		Individual(less than KRW 10 thousand), Corporation(less than KRW 50 thousand~500 thousand)
	Pro rata property portion	Total floor area of a place of business (over 330㎡)		KRW 80-200 per 1cc /year
	Employee portion	Total amount of wages (Over 50 employees)		0.5% of the total amount of wages
Automobile tax	Possession	Passenger automobiles		KRW 80~200 per 1cc /year
Automobile tax	Possession	Automobiles for passengers and freight	Freight automobiles	KRW 2.5 thousand KRW 66 million
				KRW 115 thousand KRW 157.5 thousand
	Driving	Traffic · energy · environment (National tax)		36% of traffic tax (flexable tax rate 26%, Sep 5, 2021)
Tabacco consumption tax	Tabacco (cigarette, pipe)		KRW 1,007 per 20 cigarattes(1 carton)	
Leisure tax	Bycycle racing, rowing racing, horse racing, traditional bullfight		10% of betting tickets	

Taxes	Taxable object		Tax rate
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 1m ³ of underground water, KRW 2 per 10m ³ of water for power generation
Local education tax	Acquisition tax, registration tax(register), leisure tax, residenc tax per capita, property tax, automobile tax, tobacco consumption tax		20%(except for 20% of acquisition), 20%
			40%, 25%, 20%, 30%, 50%
Property tax	Property tax	Buildings, houses, land, ships, airplanes	Houses: 0.1%, 0.15%, 0.25%, 0.4% Buildings: 0.25%
			Comprehensive land : 0.2%, 0.3%, 0.5%
			Seperation: 0.2%, 0.3%, 0.4%
			Divided : 0.2%~4%
Registration and license tax	Urban areas	Land, buildings, houses	0.14% of the tax base for land, etc. in accordance with the Article 110
	Registration	Real estate	Preservation(0.8%). Transfer(1.5%, 2.0%), Establishment(0.2%)
		Ships	Preservation(0.02%), Others(KRW 15 thousand per each)
		Automobiles	Registration of ownership(5% for non-business use, 2% for small car)
		Mechanical equipment	Registration of ownership(1%), Establishment(0.2%), Others(KRW 10 thousand)
		Corporation registration	Profit making : Establishment(0.4%), Capital Increase(0.4%)
			Non-profit making : Establishment(0.2%), Investment increase(0.2%)
License	License	License for authorization and permission	KRW 4.5 thousand ~ KRW 67.5 thousand

[Appendix5] List of Delegated Agencies

Custodian Bank	Department	Phono No.
Kyongnam Bank	International Business Dept.	+82-55-290-8495
Kwangju Bank	International Trade Business Office	+82-62-239-6555
KB Kookmin Bank	International Customer Dept.	+82-2-2073-8954
Industrial Bank of Korea	Global Customer Team	+82-2-2031-5630
NH Bank	Remittance Service Team	+82-2-2131-1611
The Bank of New York Mellon Corporation	Corporate Trust	+82-2-6137-0360
Daegu Bank	International Business Dept.	+82-53-740-2946
Deutsche Bank	Global Cash Operations	+82-2-724-4281
DBS Bank	Customer Service Dept.	+82-2-6322-2661
Sumitomo Mitsui Banking Corporation	Overseas Remittance Group	+82-2-6364-7262
Mizuho Corporate Bank	GCBS Team	+82-2-37+82-8690
Landesbank Baden-Württemberg (LBBW)	Operation	+82-2-6730-0142
Bank of America (BOA)	Corporate Support Dept.	+82-2-788-1760
Busan Bank	International Business Dept.	+82-51-661-4665
BNP Paribas	Cash and Loan	+82-2-317-1929
Korea Development Bank	Trade Finance Dept.	+82-2-787-7521
Societe Generale (SG)	Operations	+82-2-2195-7+820
Suhyup Bank	Global Banking Dept.	+82-2-2240-2605
Shinhan Bank	Foreign Direct Investment Dept.	+82-2-2151-2872
ING Bank	Settlements Dept.	+82-2-317-1849
Yamaguchi Bank Ltd Pusan Branch	Operation Team	+82-51-462-3281
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Remittance Dept.	+82-2-399-6413
Woori Bank	Seoul Global Investment Center	+82-2-3789-1899
Jeonbuk Bank	International Banking Team	+82-2-751-2489
JP Morgan Chase	TS Operation	+82-2-758-5232
Jeju Bank	Treasury Office	+82-64-720-0267
China Construction Bank	Operations	+82-2-6730-3611
Industrial and Commercial Bank of China Limited	Banking Dept.	+82-2-3788-6617
China Everbright Bank	Operations	+82-2-3788-3790
Bank of Communications	Accounting & Operating	+82-2-2022-6837
Bank of China	Banking Dept.	+82-2-399-6699
Credit Agricole Corporate & Investment Bank	Domestic Operations	+82-2-3700-9632
Standard Chartered Bank	Cash operations	+82-2-3702-3393
Citibank Korea	Jungang City Service Center	+82-2-3455-2676
Australia and New Zealand Banking Group	Operations	+82-2-3700-3143
The Hongkong and Shanghai Banking Corporation	SD Operations	+82-2-2004-0100
KEB Hana Bank Global	Foreign Investment & Client Dept.	+82-2-2002-2325

Zip Code	Address
[51316]	(Kyongnam Bank, International Business Dept.) 642, 3·15-daero, Masanhoewon-gu, Changwon
[61470]	(Kwangju Bank, International Trade Business Office) 225, Jebong-ro, Dong-gu, Gwangju
[04534]	(KB Kookmin Bank, International Customer Dept.) 5F, 84, Namdaemun-ro, Jung-gu, Seoul
[04538]	(Industrial Bank of Korea, Global Customer Team) 82, Eulji-ro, Jung-gu, Seoul
[03142]	(NH Bank, Remittance Service Team) 14F, A-dong, 6, Yulgok-ro, Jongno-gu, Seoul
[07326]	(The Bank of New York Mellon Corporation) 29F, One IFC, 10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
[42123]	(Daegu Bank, International Business Dept.) 2310, Dalgubeol-daero, Suseong-gu, Daegu
[03180]	(Deutsche Bank) 18F, Youngpoong Bldg., (Seorin-dong) 41, Cheonggyecheon-ro, Jongno-gu, Seoul
[04520]	(DBS Bank.) 18F, Seoul Finance Center, 136, Taepyeongno 1(il)-ga, Jung-gu, Seoul
[04539]	(Sumitomo Mitsui Banking Corporation) 12F, Mirae Asset Center 1, West Tower, 26, Eulji-ro 5-gil, Jung-gu, Seoul
[05420]	(Mizuho Corporate Bank Seoul Branch) 19F, 136, Sejong-daero, Jung-gu, Seoul
[04520]	(Landesbank Baden-Württemberg) 14F, 136, Sejong-daero, Jung-gu, Seoul
[04520]	(Bank of America) 27F, Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul
[48400]	(Busan Bank Headquarters, International Business Dept.) 15F, 30, Munhyeongeumyung-ro, Nam-gu, Busan
[04631]	(BNP Paribas) 24F, State Tower Namsan, 100, Toegye-ro, Jung-gu, Seoul
[07242]	(Korea Development Bank, Trade Finance Dept.) 14, Eunhaeng-ro, Yeongdeungpo-gu, Seoul
[03155]	(Societe Generale) 23F, D Tower D1, 17, Jongro 3-gil, Jongno-gu, Seoul
[05510]	(Suhyp Bank, Global Banking Dept.) 62, Ogeum-ro, Songpa-gu, Seoul,
[04513]	(Shinhan Bank, Foreign Direct Investment Dept.) 20, Sejong-daero 9-gil, Seoul
[04520]	(ING Bank) 11F, Seoul Finance Center, 136, Sejong-daero, Jungno-gu, Seoul
[48931]	(Yamaguchi Bank Ltd Pusan Branch) 4F, 63, Jungang-daero, Jung-gu, Busan
[03188]	(The Bank of Tokyo-Mitsubishi UFJ, Ltd., Seoul Branch.) 4F, Youngpoong Bldg, 41, Cheonggyecheon-ro, Jongno-gu, Seoul
[06611]	(Woori Bank, Seoul Global Investment Center) 2F, Gangnam Kyobo Tower, 465, Gangnam-daero, Seocho-gu, Seoul
[07327]	3F, JB Financial Group Bldg., 77, Yeouinaru-ro, Yeongdeungpo-gu, Seoul
[04516]	(JP Morgan Chase, Seoul Branch) J.P. Morgan Plaza, 35, Seosomun-ro 11-gil, Jung-gu, Seoul
[63192]	90, Ohyeon-gil, Jeju-si, Jeju-do
[04538]	(China Construction Bank) 24, Myeong-dong 11-gil, Jung-gu, Seoul
[04514]	(Industrial and Commercial Bank of China Limited) 1F, Taepyeongno Bldg., 73, Sejong-daero, Jung-gu, Seoul
[03188]	(China Everbright Bank) 23F Yeongpoong Bldg., 41 Cheonggyecheon-ro, Jongno-gu, Seoul
[04523]	(Bank of Communications, Seoul Branch) 29, Eulji-ro, Jung-gu, Seoul
[03188]	(Bank of China) 1F, 41, Cheonggyecheon-ro, Jongno-gu, Seoul
[03154]	(Credit Agricole Corporate & Investment Bank) 21F, Kyobo Bldg., 1, Jong-ro, Jongno-gu, Seoul
[03160]	(Standard Chartered Bank, Cash operations) 47, Jong-ro, Jongno-gu, Seoul
[04521]	(Citibank Korea) 24, Cheonggyecheon-ro, Jung-gu, Seoul
[03154]	(Australia and New Zealand Banking Group) 22F, Kyobo Bldg., 1, Jong-ro, Jongno-gu, Seoul
[04511]	(The Hongkong and Shanghai Banking Corporation) 37, Chilpae-ro, Jung-gu, Seoul
[04538]	(KEB Hana Bank Global, Foreign Investment & Client Dept.) 66, Eulji-ro, Jung-gu, Seoul

[Appendix6] List of Law Firms

Name of Company	Representative	Address	No. of Attorneys	Attorneys by Practice	Available Foreign Languages
Kim & Chang	Kyung-Taek Jung	39, Sajik-ro 8-gil, Jongno-gu, Seoul	950	Kyung-Yoon Lee	English
				Gene-Oh (Gene) Kim	English
				Hyo-Sang Kim	English
				John S. Park	English
				Yeo Min Yoon	English, Japanese
				Jeung-Jun Park	English, German and French
				Won-Tak Choi	English, Chinese
Neulpoom	Sunghoon Cheon	2F, Banpo-daero 104, Seocho-gu, Seoul	8	Sunghoon Cheon Yujin Kim	English, Vietnamese
Law Firm Daeho	Dong-hyeon Seok, Su-han Choi	6F, 119 Teheran-ro, Gangnam-gu, Seoul	18	Dong Hyeon Seok	English, Chinese
				Dong Wook Shin	English
				Dong Bun Im	Japanese
Law Firm THE EAST ASIA	Shin-ho Kim	#416, West Wing, 15 Beopwon-ro, Seocho-gu, Seoul	9	Shin Ho Kim	Chinese
				Kyung Jae Lee	English
				Yoon Seok Chang	
LANDMARK LAW OFFICES	Jae-hoon Kim	21F, 147 Teheran-ro, Gangnam-gu, Seoul	30	Jae Hoon Kim	English
				Hyung Jun Yu	
				Hyo Sun Park	
				Jun Byoung Chae	Japanese
				Justin Choi	English
				Won Woo Choi	
				Hun Hee Cho	
				Soh Hyun Lee	Chinese
				Wan Jin An	
				Jian Hua Zhu	

Areas of Practice	Contact No.
Mergers & Acquisitions, Corporate Governance, Banking, Foreign Direct Investment, International Practice, Private Equity, Technology, Media & Telecommunications	+82-2-3703-1181
Antitrust & Competition, Mergers & Acquisitions, Corporate Governance, Insurance, Foreign Direct Investment, Corporate Investigations & White Collar Defense, Private Equity, Cross border disputes, Europe, France and French Speaking Countries, Germany	+82-2-3703-1261
Antitrust & Competition, Mergers & Acquisitions, Construction & Engineering Disputes, Real Estate & Construction, Investment Management, Germany, Corporate Governance, Technology, Media & Telecommunications	+82-2-3703-1409
Energy, Mergers & Acquisitions, Project Finance, International Practice, Intellectual Property	+82-2-3703-1747
Japan, Antitrust & Competition, Mergers & Acquisitions	+82-2-3703-1766
Mergers & Acquisitions, Foreign Direct Investment, Aerospace & Defense, Labor & Employment, Real Estate & Construction, German Desk, EU Desk	+82-2-3703-1153
China, Foreign Direct Investment, Mergers & Acquisitions	+82-2-3703-1925
Notarization and certification of translation (Vietnamese embassy), immigration, administration, visa, investment consulting, incorporation, consulting, legal consulting, domestic litigation, civil case, criminal case	+82-2-725-3003
Immigration consulting, visa acquisition	
Establishment of a subsidiary, branch, JV, consulting on foreign exchange regulations, consulting on taxation (e.g., tax incentives for foreign invested companies), M&A consulting (e.g., transfer of stocks), management support service, management consulting for foreign-invested companies	+82-2-568-5200
Mutual investment between Korea and China, corporate acquisition & merger, consulting on law and investment	
	+82-2-596-8111
Consulting on law, investment	
Corporate acquisition, merger, corporate legal affairs, taxation	
Corporate legal affairs, taxation, civil case, criminal case	
Corporate legal affairs, taxation, civil case, criminal case, labor disputes	+82-2-533-7979
Corporate acquisition & merger, corporate investment (corporate legal affairs), taxation	

Name of Company	Representative	Address	No. of Attorneys	Attorneys by Practice	Available Foreign Languages	
LOGOS	Seung-guk Yang, Jae-bok Kim, Moo-gyeom Kim	#36, 87-gil, Teheran-ro, Gangnam-gu, Seoul	115	DooHyun Ryu		
				Yoon-Seok Byun		
				Hanna Lee	English	
				Jeongyeol(David) Park		
				Munju Ki		
				Hyoungmin Yim	Chinese	
				Jeongae Han	Japanese	
Lin Law Firm	Jinseok Lim	10F, 347 Seocho-daero, Seocho-gu, Seoul	44	Jinseok Lim	English, Japanese	
				InChul Kang		
				HarkHun Kim		
				Sunhee Cha	English	
				SungJune Park		
				HongWon Lee		
				HyunSang Youn		
				Milosz Zurkowski	English, Polish	
				ManKoo Cho	English	
				YongGap Kim		
				Jongsik Kim	Japanese	
VITS LAW	Chan-seung Lee	#502, Shinwon Bldg., 86 Banpodaero, Seocho-gu, Seoul	4	HaeMi Song	English, Japanese	
The Very Law	In-jung Kim, Su-jeong Lee	#1407, 60 Centum Buk-daero, Haeundae-gu, Busan	4	Soo Jung Lee	English, Japanese	
				Jee Young Kim	English	
SANWOO LAW FIRM	Jeong-hyuk Lim	7F, Herb One Bldg., 33 Seocho-daero 48-gil, Seocho-gu, Seoul	13	Hayong Moon	English, French	
				Sujin Hyun	English	
Kim, Chang & Lee	Eui-jae Kim, Seong-jun Choi, Soo-chang Kim, Gyeong-jun Choi	25F, 55 Sejong-daero, Jung-gu, Seoul	45	YonJeong Chae		
				SungHyun Choi	English	
ONE LAW PARTNERS	Guem-sil Gang, Gi-won Yoon	11F, 308 Gangnam-daero, Gangnam-gu, Seoul	53	Kwang Soo Lee		
				Yong Ho Hong		
				Hyo Joon Park	English	
				Chang Hyun Cheon		
				Hyon Oh Choi		
				Young Ju Lee		

Areas of Practice	Contact No.
Overseas businesses, joint investment	+82-2-2188-1014
Foreign investment, company law, corporate merger & acquisition	+82-2-2188-1017
International trade, overseas business, international arbitration	+82-2-2188-2836
Corporate merger & acquisition, foreign investment, overseas business	+82-2-2188-2837
Medical Service Act, labor laws	+82-2-2188-1050
Company law, Chinese firms' investment in Korea	+82-2-2188-1025
Company law, bankruptcy law, Japanese firms' investment in Korea	+82-2-2188-2831
Corporate, finance, international disputes, arbitration	+82-2-3477-8500
Corporate, finance, international disputes, arbitration	+82-2-3477-6300
M&A, Investment, PEF, fair trade	+82-2-3477-8686
Finance, HR, international disputes	+82-2-3477-3003
Energy, infrastructure	+82-2-3477-3003
Corporate investment, M&A, finance	+82-2-3477-3003
M&A, investment, PEF, finance	+82-2-3477-8500
Investment, finance, international litigation, arbitration, bankruptcy, HR	+82-2-3477-8500
Investment, M&A, Project Financing	+82-2-3477-3003
Intellectual property rights, fair trade	+82-2-3477-8686
M&A, fair trade, real estate	+82-2-3477-8585
Branch establishment, contract review, consulting, litigation	+82-10-8277-2024
Incorporation, finance, dispute arbitration	+82-51-782-9226
All legal areas	+82-2-584-5533
International trade, corporate consulting, JV	
Establishment of corporation, branch, joint corporation, foreign investment notification, foreign exchange trade, M&A	+82-2-397-9840
Immigration related consulting (e.g. visa acquisition), corporate law related consulting	+82-2-397-9886
Corporate law (M&A, bankruptcy, rehabilitation), finance, securities (stock issuance, IPO), international law	+82-2-3019-2893
International law (international law in general, foreign company's investment in Korea, international arbitration)	+82-2-3019-5453
Corporate consulting, M&A, international investment and trade, EPC project, international litigation and arbitration, international trade, compliance	+82-2-3019-5455
Corporate legal affairs (M&A, bankruptcy, rehabilitation), international law	+82-2-3019-2152
Corporate legal affairs, construction, real estate (real estate finance, project financing), finance, securities (structured finance, derivatives), international law	+82-2-3019-5453
Corporate legal affairs (incorporation, investment consulting, contract review), international law	+82-2-3019-5455

Name of Company	Representative	Address	No. of Attorneys	Attorneys by Practice	Available Foreign Languages
Yulchon	Yong-sub Yoon	38F, Parnas Tower, 521 Teheran-ro, Gangnam-gu, Seoul	364	Moritz Winkler	English, German
				Su-gu Kang	English, Vietnamese
				Joong-bu Kim	Chinese, Japanese
				Woong-jae Byun	English, Chinese
				Tong-chan Shin	English
				Soojung Lee	English
				Seung-mok Lee	English
				Seung-min Lee	English, French
				Seung-beum Lee	English, Japanese
				Tae-hyuk Lee	English
				Hyung Keun Lee	English
				Hyung Ki Lee	English, French
				Hong-bae Lee	English, Vietnamese
				Hwa-joon Lee	English, Russian
				Min-taek Lim	English, Arabic
				Chung, Cecil Saehoon	English
				Hyun-cheol Cho	English, French
				Yong-hwan Choi	English, Japanese
				Chung-In Choi	English, Japanese and Spanish
YiGong Lawyers	Jin-min Huh	3F, 98 Banpo-daero, Seocho-gu, Seoul	5	pro	
				Jin Min Huh	English
				Hong Seok Yang	
				Yeong Min Hwang	
				Ji Min Song	

Areas of Practice	Contact No.
Overseas, Europe, M&A, intellectual property rights, labor, international litigation and arbitration, automobiles, Latin America/ Southern Europe	+82-2-528-5483
Corporate legal affairs and finance, banking, finance, overseas, Vietnam/ Southeast Asia	+82-2-528-5561
IPO, M&A, overseas investment (Indonesia, etc.), finance in general, fund, PE	+82-2-528-5043
Corporate legal affairs and finance, overseas, China, environment, energy, North Korea	+82-2-528-5797
Middle East, Foreign Investment, M&A, International Litigation/Arbitration	+82-2-528-5356
Labor	+82-2-528-5246
Intellectual property rights, unfair trade practice, trademark, trade secret, copyright (including computer programs), patent, model utility, IP risk management (IP compliance), review/evaluation of intellectual property rights, intellectual property rights license/trademark overseas dispute management	+82-2-528-5942
Fair trade, telecommunication, medical & pharmaceutical, administrative disputes, construction & real estate related disputes, environment & energy	+82-2-528-5705
M&A, corporate internal investigation, fair trade, Japan, automobile	+82-2-528-5091
Corporate legal affairs and finance, M&A, overseas investment (Indonesia, etc.), finance, fund, PE	+82-2-528-5512
International Litigation/Arbitration, international trade/trade sanction, Foreign investment	+82-2-528-5517
M&A, Bankruptcy and Corporate Restructuring, Insurance, Corporate&Finance, Corporate governance	+82-2-528-5885
Overseas investment, Vietnam/ Southeast Asia, real estate & construction, overseas real estate development & construction/plant business, corporate legal affairs and finance, M&A	+94-4-3837-8200
Overseas investment, M&A, international litigation & arbitration, environment & energy, real estate, Russia/CIS, Vietnam/ Southeast Asia, North Korea	+82-2-528-5519
Indonesia/ Southeast Asia, Middle East, overseas real estate development and construction/plant business, overseas investment, corporate legal affairs and finance, M&A	+82-2-528-5406
M&A, Fair Trade, Unfair Trade Practice, Broadcasting communication, medical&medicine manufacture	+82-2-528-5923
M&A, overseas investment, luxury business	+82-2-528-5958
International taxation, tax litigation	+82-2-528-5709
Corporate&Finance, M&A, Cultural Industry, Fund/PE, Project Finance, Corporate Governance, Capital Market, Environment/Energy, Real Estate Advisory, Sports/Entertainment, International Dispute Management	+82-2-528-5073
Consulting on international transaction contract and legal risk involved Investment consulting and M&A review (M&A, Escrow, Funding Agreement, Due Diligence Report, etc.) FDI under the Foreign Investment Promotion Act, foreign exchange (notification, permit, etc.) Establishment of a domestic and overseas local company	+82-2-2038-3620
Consulting on international transaction contract and legal risk involved Investment consulting and review of merger and acquisition laws (M&A, Escrow, Funding Agreement, Due Diligence Report, etc.)	
Establishment of a domestic and overseas local company	
Investment consulting and review of merger & acquisition laws (M&A, Escrow, Funding Agreement, Due Diligence Report, etc.)	
FDI under the Foreign Investment Promotion Act, foreign exchange (notification, permits, etc.)	

Name of Company	Representative	Address	No. of Attorneys	Attorneys by Practice	Available Foreign Languages
EHOO LAW GROUP	Jong-kun Lee	20F, Aju Bldg., 201 Teheran-ro, Gangnam-gu, Seoul	13	JongKun Lee	English, Chinese
				KwonYoung Ryoo	
				EunSung Baik	English
				NakHyun Kwon	
Hwang & Partners	Ju-hwan Hwang	2F, Eunha Bldg., 6 15 beon-gil Beopwonnam-ro, Yeonje-gu, Busan	3	JuHwan Hwang	English
Jipyong LLC	Gong-hyun Lee, Ji-hyeong Kim, Yeong-tae Yang, Seong-taek Lim	10F, KT&G Seodaemun Tower, 60 Chungjeong-ro, Seodaemun-gu, Seoul	184	Cheol Jeong	English
				HyeJung Ryu	English, Russian
				JeongSig Choi	English, Chinese and Japanese
				JunHee Seo	English, Japanese
				Hoon Lee	
				John C.W. Ro	English
				SangHee Lee	
K&P Law Firm	Tae-jin Kim	#407, 286 Seocho-daero, Seocho-gu, Seoul	5	Kim TaeJin	English
Time Law Firm	Hyeong-woo Lee	#407, 286 Seochodae-ro, Seocho-gu, Seoul	3	Hyung-woo Lee	English

Areas of Practice	Contact No.
Foreign direct investment, foreigners' inbound investment, domestic and overseas companies' legal due diligence, M&A, international transaction, PE fund and other collective investment vehicles, Korea/China/US corporate legal affairs	+82-10-7134-2198
Legal due diligence of overseas and domestic companies, intellectual property rights, copyright, collective investment such as PE funds, Korea/China/US corporate legal affairs	+82-10-7143-0882
Foreign direct investment, foreigners' inbound investment, domestic and overseas companies' legal due diligence, M&A, international transactions, collective investment such as PE fund, Korea/US/China corporate legal affairs	+82-10-3271-7740
Legal due diligence of overseas and domestic companies, intellectual property rights, copyright, international transaction, M&A	+82-10-6530-5709
Civil and criminal case, contract, investment consulting	+82-51-503-0037
M&A/ general corporate affairs, international transactions, resources, energy and infrastructure, China, Myanmar	+82-2-6200-1753
M&A including the establishment of a joint venture, general corporate affairs, international transaction, resources, energy, infrastructure, international construction, public contract	+82-2-6200-1722
M&A, labor law, taxation, China, international litigation, international arbitration	+82-2-6200-1785
M&A, general corporate affairs, international transactions, pharmaceuticals, bio, medical service, entertainment, media, culture, Myanmar	+82-2-6200-1763
Foreign investment (incorporation of a foreign-invested company, investment of stakes, joint venture, etc.), general corporate affairs (including labor), energy, environment, international dispute	+82-2-6200-1851
M&A, general corporate affairs, international transaction, overseas investment, securities, finance, PE fund (PEF, HF), U.S., India, Philippines	+82-2-6200-1810
M&A, general corporate affairs, international transaction, intellectual property rights, international construction, overseas affairs, Indonesia, Malaysia	+82-2-6200-1793
M&A, general corporate affairs, international transaction, China	+82-2-6200-1718
Legal consulting, civil and criminal cases, foreign investment and incorporation	+82-32-864-8300
Contracts, taxation	+82-2-583-7203

Name of Company	Representative	Address	No. of Attorneys	Attorneys by Practice	Available Foreign Languages
Yoon & Yang	Jin-su Jeong	18, 19, 22, 23, 34F, 18 ASEM Tower, 517 Yeongdong-daero, Gangnam-gu, Seoul	420	Seungbok Nah	Chinese
				Hanchil Kim	Russian
				JiHoon Cha	English
				SoongKi Yi	
				Hoe Kim	English
				Zunu Lee	
				Lim Jang Hwang	
				HaeWang Jeong	Japanese
				Dong Oh Hong	
				WonHyung Kim	English
				SungWoon Kang	
White & Case	Ji-hoon Hong	31F, ONE IFC, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul	5	JiHoon Hong	
				Won Sun Jung	
				Sarah E. Park	English
				Younghee Chung	
Hankyul	Doohwan Song, Lee Kyungwoo, Ahn Byungyong, Ahn Sik	16F, 1, Jong-ro, Jongno-gu, Seoul	60	Sebyul Chun	
				Je Hyuck Lee	
				Park, Michael	English
				Um Brian Taejin	
				Zheng Guozhe	Chinese
				Suin Youn	English, Japanese
				Sangwon Yoon	English

Areas of Practice	Contact No.
China, Korea/Russia investment, IPO, M&A, foreign investment, corporate consulting, foreign investment, PE investment, financial regulations and compliance, inspection of supervisory institutions, capital markets, asset management, etc.	+82-2-6003-7137
Russia, CIS, Europe, M&A, overseas investment, foreign investment, financial regulations and compliance, banks, financial holding company, general corporate consulting, etc.	+82-2-6003-7524
overseas investment, outbound M&A, project finance, international arbitration and international litigation, South-East Asia	+82-2-6182-8373
Europe, Southeast Asia, Russia, CIS, M&A, corporate governance structure, bankruptcy, corporate rehabilitation, overseas investment, finance, financial dispute, inspection of supervisory institutions, financial regulations and compliance, broadcasting, information & communication, energy, resources, North Korea, etc.	+82-2-6003-7519
Europe, Southeast Asia, Russia, CIS, Japan, China, overseas investment, foreign investment, international trade, general corporate consulting, M&A, structured finance, international arbitration & international litigation, etc.	+82-2-6003-7566
Southeast Asia, Korea/Vietnam investment, finance, adjustment, Japan, China, Russia, CIS, Europe, finance, PE investment, foreign investment, overseas investment, project finance, entertainment, sports, international arbitration and international litigation, general corporate consulting, etc.	+82-2-6003-7527
Southeast Asia, asset management, M&A, finance, PE investment, foreign investment, insurance, non-banking financial companies, banks & financial holding companies, general corporate consulting, capital markets, project finance, North Korea, etc.	+82-2-6003-7594
Japan, Korea-Japan investment, JV, commercial litigation, marine, airline industries, general corporate consulting, etc.	+82-2-6003-7567
Intellectual property rights, Japan, financial restrictions and compliance, M&A, bank, financial holding company, general corporate consulting	+82-2-6003-7549
Japan, M&A, general corporate consulting, foreign investment, capital market regulation, asset management, project finance, PE investment, insurance, etc.	+82-2-6003-7531
IPO, China, finance, PE investment, capital market regulation, foreign investment, financial regulations and compliance, airline industry, Southeast Asia, etc.	+82-2-6003-7591
Finance, Restructuring	+82-2-6138-8816
Corporate, M&A	+82-2-6138-8812
Project Development, Finance	+82-2-6138-8820
Corporate, M&A	+82-2-6138-8830
Commercial Litigation, Disputes	+82-2-6138-8817
Financial Investment, M&A, Finance, Litigation and arbitration, Foreign investment	+82-2-3458-0980
Overseas Investment, M&A, JV, Foreign Investment	+82-2-3458-0906
Foreign Investment/M&A, Government procurement(U.S.), Defense transactions, Intellectual property, Fair trade, Compliance	+82-2-3458-0921
China Practice, China Investment, M&A, Real estate investment trust, Intellectual property, Entertainment, Private Equity Fund, Litigation and arbitration	+82-2-3458-9401
Foreign Investment, M&A, Corporate Matters, International transaction, Litigation and arbitration	+82-2-3458-0983
Foreign Investment, M&A, Finance, JV, Intellectual Property	+82-2-3458-0947

[Appendix 6] List of Accounting Firms

Name of company	Representative	Address	No. of Accountants	Accountants	Available Foreign Languages
Dasan	Seok-ho Kim	6F, 23 Yeoksamro 98-gil, Gangnam-gu, Seoul	56	Jongnam Ahn	English
				Sungyong Song	Japanese
Daehyun	Jae-hyun Song	#502, Hanjin Bldg., 169-11 Samsung 1-dong, Gangnam-gu, Seoul	44	Philip K. Woo	English
Do-one	Jin-yun Lim	5F, 21 87-gil Teheran-ro, Gangnam-gu, Seoul	70	Sebastian Ahn	English, Japanese
Dongnam	Gyeong-young Cho	4F, 5F, KL-Net Bldg., 153 Yeoksam-ro, Gangnam-gu, Seoul	23	SungIl Yun	English
				SangSoo Yoon	Chinese
				DaeWoo Kim	English
Lian	Sang-eun Lee	8F, 209 Seocho Joongang-ro, Seocho-gu, Seoul	50	Ethan Cho	English
Mazars	Seung-ha Park	2F, 711 Eonju-ro, Gangnam-gu, Seoul	25	Seung-ha Park	English
				Young Huh	
				Julien Herveau	English, French
				Jungmin Lee	English
				Gyutaek Shim	
				Lambert Boivin	English, French
Bomyoung	Chang-yeol Lee	5F, 123 Sasang-ro, Sasang-gu, Busan	12	Ji-won Shim	Japanese
				Chang Yeol Lee	English
Nexia Samduk	Yong-mo Lee	S&S Bldg., 48 Woojeongguk-ro, Jongro-gu, Seoul	441	KwonJeong Choi	English
				Jeonghoon Ha	
Samil PwC	Young-sik Kim	AP Bldg., 100 Hangang-daero, Yongsan-gu, Seoul	2133	Steven Kang	English
				Daniel Fertig	
				Yong-Wook Jun	English, Chinese
				Henry An	English
				Dae-Joon Park	
				Bill Lee	
				Susan Lee	

Expertise/ Services	Contact
Establishment of a branch/corporation, payment service, bookkeeping, accounting audit, tax service	+82-2-531-7472 +82-2-531-7458
Establishment and liquidation of a liaison office, branch and local corporation, corporate accounting (bookkeeping, financial reporting to HQ), fund management (payment of expenses and salary), HR outsourcing (salary, 4 major insurances), tax reporting (VAT, corporate tax) and tax consulting (international taxation such as transfer price study), M&A consulting	+82-2-558-8737
Establishment and consulting on liaison office/ branch and local corporation, consulting on foreign investment attraction for entry into the Korean market (strategic alliance or M&A), business process outsourcing (bookkeeping, wage reporting, reporting of VAT and corporate tax), application for businesses subject to special tax reduction or exemption, accounting audit	+82-2-3453-3695
Establishment of liaison office, branch and foreign-invested company, bookkeeping, reporting of corporate tax/income tax/VAT, etc., HR outsourcing (salary, 4 major insurances), writing of group report package including bookkeeping, asset management (including payment of office expenses, salaries), consulting on international taxation and tax audit (permanent establishment, transfer pricing, application of tax treaties, etc.)	+82-2-501-082-24 +82-2-557-7530 +82-10-2567-7530 +82-2-562-1152
Consulting on entry into domestic market, establishment of foreign-invested company, branch, liaison office and related consulting, establishment of foreign-invested company's accounting system, accounting outsourcing, HR outsourcing, tax reporting, accounting consulting (K-GAAP, IFRS), tax consulting (corporate tax, VAT, income tax, international taxation), tax reporting (corporate tax, VAT)	+82-2-537-1807
Accounting & Tax	+82-2-3438-2406 +82-2-3438-2403
Audit, FAS	+82-2-3438-2431
Audit	+82-2-3438-2441 +82-2-343-2442
Accounting and outsourcing services	+82-2-3438-2556 +82-2-3438-2563
Accounting audit, internal audit, financial due diligence, M&A consulting	+82-51-328-9328
Establishment of subsidiary, branch, liaison office, permanent establishment, salary payment service, accounting books and financial package, adjustment of corporate tax and income tax, consulting on tax and accounting such as M&As and dividends, office support service	+82-2-397-6682-2
Accounting audit, valuation, financial due diligence, writing of financial package	+82-2-397-6682-2
Inbound audit and consulting on entry into Korean market	+82-2-709-4788 +82-2-709-8714
Consulting for Chinese investors' entry into Korea and audits	+82-2-709-7982
Taxation	+82-2-3781-2594
M&A / Valuation	+82-2-709-8938
Due diligence, valuation, outbound/inbound M&A	+82-2-709-0786 +82-2-709-6489

Name of company	Representative	Address	No. of Accountants	Accountants	Available Foreign Languages
BDO Sungto-Ehyun LLC	Geun-seo Park	9F, 508, Teheran-ro, Gangnam-gu, Seoul	85	Min-Jae Lee	English
				Young-Ah Park	
				Tae-Il Go	
				Hye-Yun Kim	
Shinwha	Seong-cheol Kim	8F, 9F, 15 Teheran-ro 86-gil, Gangnam-gu, Seoul	25	Yoon-ki Yang	English
				Gwang-soo Kim	Japanese
				Tae-il Jang	
Deloitte Anjin	Jeong-hee Lee	9F, One IFC Seoul Int'l Finance Center, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul	959	Kyoung Il Yoon	English
				Ho Young Heo	
				Tae Jin Jo	
				Sung Ho Park	
				Jae Ho Hwang	
				Jihoon Yoo	
				Dong Hyun Lee	
				Young Jae Kim	
				Yong Sok Jeun	
				Jung Wook Seo	
				Ki Young Na	
				Seung Hee Hwang	
				Byung Moon Yoo	
				Ki Hyeon Kim	

Expertise/ Services	Contact
Tax consulting (permanent establishment, review of transfer pricing), accounting audit, financial due diligence, foreign investment zone application, application for designation and business accompanying high technology, etc.	+82-2-513-82-208
Liaison office, branch, local corporation establishment, HR outsourcing (salaries), corporate accounting (bookkeeping), tax filing (corporate tax, VAT, etc.), tax consulting (permanent establishment, income tax, corporate tax, withholding tax)	+82-2-513-82-278
Liaison office, branch, local corporation establishment, HR outsourcing (salaries), corporate accounting (bookkeeping), tax filing (corporate tax, VAT, etc.), tax consulting (permanent establishment, transfer pricing review), accounting audit, financial due diligence	+51-460-4723
HR outsourcing (salaries), corporate accounting (bookkeeping), tax filing (corporate tax, VAT), accounting audit and financial due diligence, etc.	+82-51-460-4710
M&A consulting, financial due diligence, other consulting	+82-2-561-7181
Incorporation, bookkeeping, tax consulting, accounting audit	+82-2-553-7956
M&A consulting, financial due diligence, other consulting	+82-2-555-9211
Audit, accounting consulting, financial due diligence and M&A consulting, incorporation, permits and authorization, etc.	+82-2-6676-1149
Audit, accounting consulting, financial due diligence and M&A consulting	+82-2-6676-1180
Audit, accounting consulting, financial due diligence and M&A consulting	+82-2-6676-3322
Internal control system (SOX) review and establishment, US GAAP and IFRS consulting, financial due diligence	+82-2-6676-3100
M&A consulting, financial due diligence, other financial consulting	+82-2-6676-3129
Accounting audit (foreign invested companies), overseas fund investment, finance related regulations and other consulting	+82-2-6676-3124
US GAAP, IFRS audit and consulting, financial due diligence, other financial consulting	+82-2-6676-3125
Accounting audit, financial due diligence	+82-2-6676-1689
M&A consulting, financial due diligence	+82-2-6676-1524
IFRS audit and consulting, financial due diligence, coordination on overall consulting on entry into domestic market	+82-2-6676-1871
Accounting audit (IFRS, K-GAAP), M&A consulting, other financial consulting, consulting on internal control, coordination on overall consulting on entry into domestic market	+82-2-6676-1530
Financial due diligence, coordination on overall consulting on entry into domestic market	+82-2-6676-1642
US GAAP and IFRS audit and consulting, financial due diligence, internal control and SOX related accounting consulting	+82-2-6676-1546
Audit, accounting consulting, financial due diligence (excluding financial organizations) and M&A consulting	+82-2-6676-1397

Name of company	Representative	Address	No. of Accountants	Accountants	Available Foreign Languages	
Osung	Shi-hwan Nam	9F, 109 Teheran-ro, Gangnam-gu, Seoul	18	Steve Lee	English, Chinese	
				Young Wie		
				Lian Piao	Chinese	
				Okazaki Yuki	Japanese	
				Jason Song	English	
				Meesook Kim		
				Yunyoung Choi		
				Guntae Kim		
				Jun Won Seo		
				Joo Hyun Park		
				Soon won Lee		
With	Young-suk Lee	13F, 711 Eonju-ro, Gangnam-gu, Seoul	29	Sung-Kyu Kang	English	
Echon	Seok-yong Jeong	Miwon Bldg., 70 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul	116	Sung il You	English	
				Kyle Park	English	
				Sung moon Jung		
				Kwan su Seo		
Induk	Gwang-hun Kim	3F, Daeha Bldg., 14-11 Yeouido-dong, Yeongdeungpo-gu, Seoul	29	Yoon Taek Oh	English	
				Jeom-sik Moon		
Jewon	Mun-sik Park	Construction Hall, 71-2 Nonhyun-dong, Gangnam-gu, Seoul	28	Sang-yoon Kim	Japanese	
				Byung-ho Choi	English	

Expertise/ Services	Contact
Coordination of foreign investment consulting, accounting audit, M&A consulting, financial due diligence, tax consulting	
Foreign investment consulting, foreign invested corporation (including branch and liaison office) establishment consulting, legal service for foreign-invested companies, consulting for foreign start-ups	
Foreign (China) investment (incorporation), investment notification, establishment of foreign company's branch and liaison office, tax filing and corporate accounting (bookkeeping)	
Foreign (US, Europe) investment (incorporation), investment notification, establishment of foreign company's branch and liaison office, tax filing and corporate accounting (bookkeeping)	+82-2-2631-1230
Foreign (Southeast Asia) investment, investment notification, establishment of foreign company's branch and liaison office, tax filing and corporate accounting (bookkeeping)	
Tax filing (corporate tax, VAT, wage & salary withholding tax), corporate accounting (bookkeeping), 4 major insurances, writing of financial report package for HQ	
Liaison office, branch, foreign invested corporation, notification, establishment and liquidation, corporate accounting and bookkeeping, financial reporting to HQ, salary & 4 major insurances, tax filing, international taxation and M&A consulting, accounting audit, other consulting	+82-2-2043-2747
Establishment of liaison office, branch and local corporation, tax filing (corporate tax, VAT, wage & salary withholding tax, etc.), international tax consulting, accounting audit, M&A due diligence and consulting, general tax and financial consulting	+82-2-780-0889
Establishment of liaison office, branch and local corporation (FDI), tax consulting, tax filing, outsourcing service, real estate investment consulting, registration procedures, group report package, financial due diligence and other financial consulting, accounting audit, internal audit	+82-2-3775-0065
Establishment of liaison office, branch and local corporation, tax consulting (consulting on tax reduction/exemption, corporate tax), tax filing (corporate tax, VAT, withholding tax on wage & salary income), corporate accounting (bookkeeping)	+82-2-6617-7210
Accounting audit, tax consulting and tax adjustment, foreign-invested company (including branch, liaison office) establishment consulting, legal services for foreign-invested company, outsourcing service	+82-51-715-0100
Restructuring and liquidation (liaison office, branch, subsidiary)	
Foreign exchange regulations compliance and consulting	
Accounting, bookkeeping, withholding tax, VAT, corporate tax, individual income tax filing, compliance and consulting on social security tax, fund management, outsourcing service, international and domestic transaction, tax audit related consulting, tax appeal	+82-2-761-3821
Tax and accounting consulting, wage & salary, corporate tax filing, tax appeal, incorporation, outsourcing service, external audit	+82-10-3898-2035
Establishment of liaison office, branch and corporation, accounting and taxation, accounting and audit, tax audits, salaries and 4 major insurances, other consulting on accounting and taxation, financial due diligence and other financial consulting	+82-2-511-1482-2
Foreign investment procedure, M&A consulting, financial due diligence, accounting audit, bookkeeping, taxation	+82-2-512-0164

Name of company	Representative	Address	No. of Accountants	Accountants	Available Foreign Languages	
Jisung	Eui-woong Lee, Hee-su Lee	8F, SM Tower, 334 Gangnam-daero, Gangnam-gu, Seoul	26	Myung-cheol Shin	English	
Jin Il	Young-seok Bae	#701, Ilshin Bldg., 11 Eunhaeng-ro, Youngdeungpo-gu, Seoul	55	Dae-jin Lee Young-yoon Choi	English	
Taesung	Sang-hwan Nam	5F, K-Cube Bldg., 726-2 Yeoksam-dong, Gangnam-gu, Seoul	100	Minjung Kim Ha-Joon Jeong	English	
EY Han Young	Jin-seok Suh	3-8F, Taeyoung Bldg., 111 Yeouigongwon-ro, Yeongdeungpo-gu, Seoul	1033	Jee Hoon Kim Keum Cheol Shin Hoonshik Shin Heung Sik Kim Seung Yeop Woo Jang Kyu Shin Seung Baek Woo	English Japanese English, German	
Hanul	Gi-bong Nam	6F, Shindo Bldg., 14 Teheran-ro 88-gil, Gangnam-gu, Seoul	174	Ki-bong Nam Jeong-dae Kang Jun-woo Lee Hyun-chul Ko Seong-hwi Kim Hyeong-geun Yoon Il-kyu Kwon Young-ji Hong Gee-soo Sim Sang-young Whi Sang-hyun Park	English, Chinese Chinese English	
Seilone	Moon Gil Mo	6F, Hwain Gangnam building, 21, Teheran-ro 8-gil, Gangnam-gu, Seoul, Republic of Korea	47	Moon Gil Mo Han Joong Hee Jang In In	English Chinese	

Expertise/ Services	Contact
Consulting on the most adequate form of entity (e.g., liaison office, branch office, subsidiary), consulting on the size and method (loan, capital) of investment funds, establishment and consulting, accounting/taxation service after establishment, outsourcing finance manager service, consulting on foreign exchange transactions	+82-10-8242-3945
Liaison office, branch and local corporation establishment and consulting, corporate accounting (bookkeeping, group report package), taxation	+82-2-6095-2137
Establishment of subsidiary, branch and liaison office, bookkeeping for foreign-invested companies and tax filing, foreign-invested company audit & management consulting	+82-2-561-6513
M&A consulting, financial due diligence	+82-2-561-0994
Accounting audit	+82-2-3787-6745
	+82-2-3787-6372
	+82-2-3787-6884
	+82-2-3787-6810
Tax consulting, tax filing (corporate tax, VAT, wage & salary income withholding tax), corporate accounting (bookkeeping)	+82-2-3787-6508
	+82-2-3770-0954
General tax consulting, foreign investment incentives	+82-2-3787-6320
Certification due diligence, tax and bookkeeping	+82-2-2009-5762
	+82-2-2009-5701
Accounting audit, financial due diligence, valuation, bookkeeping (taxation)	+82-2-2084-5811
Accounting audit, bookkeeping (taxation), other consulting	+82-2-2084-5860
Local company establishment, bookkeeping, taxation	82-10-8305-0490
Certification due diligence, taxation, bookkeeping	+82-2-2084-5825
	+82-2-2009-5784
	+82-2-316-6639
	+82-2-316-6622
	+82-2-316-6621
	+82-2-316-6638
Foreign Investment Corporation establishment and clearing, Foreign corporate branch/Liaison office establishment, HR Outsourcing, Tax declaration/tax saving measures, Tax investigation, FDI advisory, M&A advisory	+82-2-564-0026 +82-10-5265-9460

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AFGHANISTAN ISLAMIC REPUBLIC OF AFGHANISTAN **ALBANIA** REPUBLIC OF ALBANIA **ALGERIA** PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA **ANDORRA** PRINCIPALITY OF ANDORRA **ANGOLA** REPUBLIC OF ANGOLA **ANTIGUA AND BARBUDA** REPUBLIC OF ANTIGUA **ARMENIA** REPUBLIC OF ARMENIA **AUSTRALIA** COMMONWEALTH OF AUSTRALIA **AUSTRIA** REPUBLIC OF AUSTRIA **AZERBAIJAN** REPUBLIC OF AZERBAIJAN **BAHAMAS, THE** COMMONWEALTH OF THE BAHAMAS **BAHRAIN** KINGDOM OF BAHRAIN **BANGLADESH** PEOPLE'S REPUBLIC OF BANGLADESH **BARBADOS** **BELARUS** REPUBLIC OF BELARUS **BELGIUM** KINGDOM OF BELGIUM **BELIZE** **BENIN** REPUBLIC OF BENIN **BHUTAN** KINGDOM OF BHUTAN **BOLIVIA** PLURINATIONAL STATE OF BOLIVIA **BOSNIA AND HERZEGOVINA** **BOTSWANA** REPUBLIC OF BOTSWANA **BRAZIL** FEDERATIVE REPUBLIC OF BRAZIL **BRUNEI** NATION OF BRUNEI, THE ABODE OF PEACE **BULGARIA** REPUBLIC OF BULGARIA **BURKINA FASO** **BURUNDI** REPUBLIC OF BURUNDI **CAMBODIA** KINGDOM OF CAMBODIA **CAMEROON** REPUBLIC OF CAMEROON **CANADA** 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**GAMBIA, THE** REPUBLIC OF THE GAMBIA **GEORGIA** **GERMANY** FEDERAL REPUBLIC OF GERMANY **GHANA** REPUBLIC OF GHANA **GREECE** HELLENIC REPUBLIC **GRENADA** **GUATEMALA** REPUBLIC OF GUATEMALA **GUINEA** REPUBLIC OF GUINEA **GUINEA-BISSAU** REPUBLIC OF GUINEA-BISSAU **GUYANA** CO-OPERATIVE REPUBLIC OF GUYANA **HAITI** REPUBLIC OF HAITI **HONDURAS** REPUBLIC OF HONDURAS **HUNGARY** **ICELAND** **INDIA** REPUBLIC OF INDIA **INDONESIA** REPUBLIC OF INDONESIA **IRAN** ISLAMIC REPUBLIC OF IRAN **IRAQ** REPUBLIC OF IRAQ **IRELAND** **ISRAEL** STATE OF ISRAEL **ITALY** ITALIAN REPUBLIC **IVORY COAST** REPUBLIC OF CÔTE D'IVOIRE **JAMAICA** **JAPAN** **JORDAI** REPUBLIC OF JORDAN **KIRIBATI** REPUBLIC OF KIRIBATI **KUWA** REPUBLIC OF KUWAIT **KAZAKHSTAN** REPUBLIC OF KAZAKHSTAN **KENYA** REPUBLIC OF KENYA **KOREA, THE** REPUBLIC OF KOREA **LAOS** PEOPLE'S DEMOCRATIC REPUBLIC OF LAOS **LESOTHO** **LIBERIA** REPUBLIC OF LIBERIA **LITHUANIA** REPUBLIC OF LITHUANIA **ADAGASCAR** **MALAWI** REPUBLIC OF MALAWI **MALAYSIA** **MALDIVES** REPUBLIC OF MALDIVES **ISLANDS** REPUBLIC OF THE MARSHALL ISLANDS **MAURITANIA** ISLAMIC REPUBLIC OF MAURITANIA **MAURITIUS** REPUBLIC OF MAURITIUS **MEXICO** UNITED MEXICAN STATES **FEDERATED STATES OF MICRONESIA** **MOLDOVA** REPUBLIC OF MOLDOVA **MONACO** PRINCIPALITY OF MONACO **MONGOLIA** **MONTENEGRO** **MOROCCO** KINGDOM OF MOROCCO **MOZAMBIQUE** REPUBLIC OF MOZAMBIQUE **MYANMAR** REPUBLIC OF THE UNION OF MYANMAR **NAMIBIA** REPUBLIC OF NAMIBIA **NAURU** REPUBLIC OF NAURU **NEPAL** FEDERAL DEMOCRATIC REPUBLIC OF NEPAL **NETHERLANDS** KINGDOM OF THE NETHERLANDS **NEW ZEALAND** **NICARAGUA** REPUBLIC OF NICARAGUA **NIGER** REPUBLIC OF NIGER **NIGERIA** FEDERAL REPUBLIC OF NIGERIA **NORTH MACEDONIA** REPUBLIC OF NORTH MACEDONIA **NORWAY** KINGDOM OF NORWAY **OMAN** SULTANATE OF OMAN **PAKISTAN** ISLAMIC REPUBLIC OF PAKISTAN **PALAU** REPUBLIC OF PALAU **PALESTINE** STATE OF PALESTINE **PANAMA** REPUBLIC OF PANAMA **PAPUA NEW GUINEA** 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