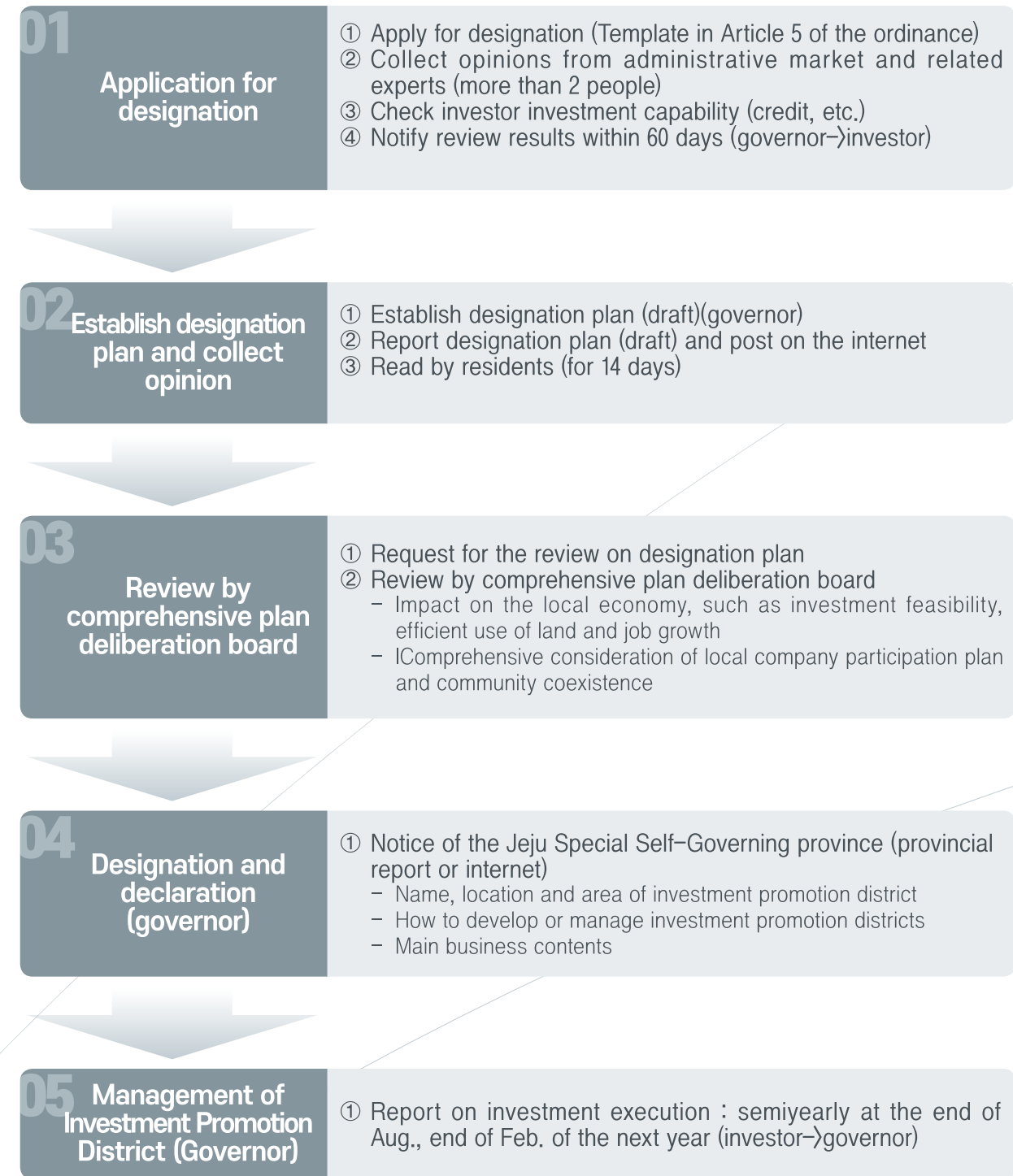




Jeju Island, the 7 Wonders of the World!
Jeju winning UNESCO Triple Crown
"Biosphere Reserve, World Heritage Site and Global Park"

Jeju
Invest in the Future
The Future

Process of designating investment promotion zone



Investment in Jeju Development area **Incentives Information on the system**

Jeju Jeju Special Self-Governing Province

6, Munyeon-ro, Jeju-si, Jeju-do, Republic of Korea
Department of Investment Promotion +82-64-710-3362

Jeju Jeju Special Self-Governing Province

Information on the incentives provided by Jeju Investment Promotion Zone

Jeju Investment Promotion Zone Incentive Program provides incentives to Koreans and foreigners who are investing in nurturing core industry and new industry of Jeju Special Self-Governing Province such as tax exemptions to realize Korea’s representative free international city by overcoming the harsh environment of Jeju's geographic conditions and business structure.

Designation criteria and requirements

Individual type : Area where investors want to invest (Article 162(1)-1 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City)

- **Target industries** : 27 industries
 - Tourist hotel business, water tourism hotel business, Korean traditional hotel business (except for casino business*, bonded sales office*), general and professional recreation business (except for golf course, recreational condominium*), tourist cruise business, tourism performance venue business, international conference facilities, general recreational facilities, tourism restaurant
 - Culture industry, senior welfare facility business, youth training facility business, orbit business, electricity living industry, training center (training institute)
 - Autonomous school, international high school, foreign educational institution, international school
 - (Foreign) medical institutions (except for clinics, dental clinics, oriental medicine clinics, midwife clinic)
 - High technology utilization industry, health technology R&D business, R&D service, foodstuff, beverage manufacturing, marina industry*, cosmetics manufacturing*, R&D*
- * Application after the revision of the Article 22 of the Enforcement Decree of the the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City (June, 2020)
- **Matters to be implemented in advance**
 - In order to confirm the intention of the project, there should be history such as approval, permission, approval, and report under the individual law.
 - However, if the Governor has all the facility requirements in accordance with the relevant laws and regulations, it is possible to designate the permit, permit, approval, and report.
 - ※ Prior designation is not possible by institutions except for governor
 - **Deadline** : within 6 months after the start of construction
 - **Target** : Koreans and foreigners making new investment
 - **Total investment** (exchange rate as of application date)
 - Business related to tourism: More than 20 million US dollars
 - Other project : More than 5 million US dollars
 - ※ Investment project cost items: land purchase cost, construction cost, survey, survey cost, design cost, equipment purchase cost, etc.

Complex type : Areas favorable to promote investment (Article 162(1)-2 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City)

- **Target area** : Areas where it is determined to create recreational facilities or establish district-level plan
- **Target industries** : Same as individual type
- **Implementing authority** : Nation, local government, public institutes, regional corporation, development center, development center invested corporation
- **Land ownership** : Development implementing organization should secure more than 2 third of ownership or right to use of the land
- **Total investment** : More than 100 billion dollars (Article 116(5) of the Restriction of Special Taxation Act)

Incentives

Tax exemption- by Dec. 31, 2021 (sunset system application)

National tax		
Classification	Exemption	Exemption basis
Corporate tax, income tax	- Resident company: exemption for 3 years, reduction by 50% for the next 2 years - Development implementing authority: 50% reduction for 3 years and 25% reduction for the next 2 years	Article 121(9) of the Restriction of Special Taxation Act)
Tariff	100% exemption on imported capital goods to be directly used in the said project within three years from the day of designation	Article 121(11) of the Restriction of Special Taxation Act

- ※ **Resident company?**
 - Companies in individual type area (area where an investor wants to invest)
 - Company that purchases part or whole (rent) areas for complex type (area favorable to promote investment attraction)
- ※ **What is the tax year in which income was first generated in businesses subject to income tax exemption?**
From the start date of the business to the tax year in which the day is five years (or the tax year in which the day is five years, if income is not generated from the business)

Local tax		
Classification	Exemption	Exemption basis
Acquisition tax	Exemption (up to 5 years from base date) (Upon acquiring land, prior application for exemption should be made)	24(2) of the ordinance of Jeju Special Self-Governing Province Tax Reduction
Property tax	Exemption up to 10 years from base ate	

- ※ Only 85% of reduction is provided if the amount is over 2 million and 0.5 million for acquisition tax and property tax respectively.
- ※ Base date: Individual type-designation date, complex type- earlier date between the initial real estate acquisition date or move-in date

Reduction of contribution cost

Classification	Reduction	Basis
Development contribution	Exemption	Article 4 of the Enforcement Decree of the Restitution of Development Gains Act (Appendix 1 4(4))
Farmland preservation contribution	50%	Article 52 of the Enforcement Decree of the Farmland Act (Appendix 3(6))
Alternative grassland formation contribution	50%	Article 16(3) of the Enforcement Decree of Grassland Act (Appendix 2 6(1))
Alternative forest resources formation cost	50%	Article 23(1) of the Enforcement Decree of the Mountainous Districts Management Act (Appendix 5 2(n))
Public waters occupation and use fee	Exempted	Article 13(1)–8 of the Public Waters Management and Recreation Act
Sewage causer contribution	50% until 2014, 25% until 2015 and 15% after 2016	Article 57(4) of the Ordinance on the sewage use, Jeju Special Self-Governing Province Article 3 of the Notice on criteria on tax reduction of causer’s payment, Jeju Special Self-Governing Province

National and public property rent

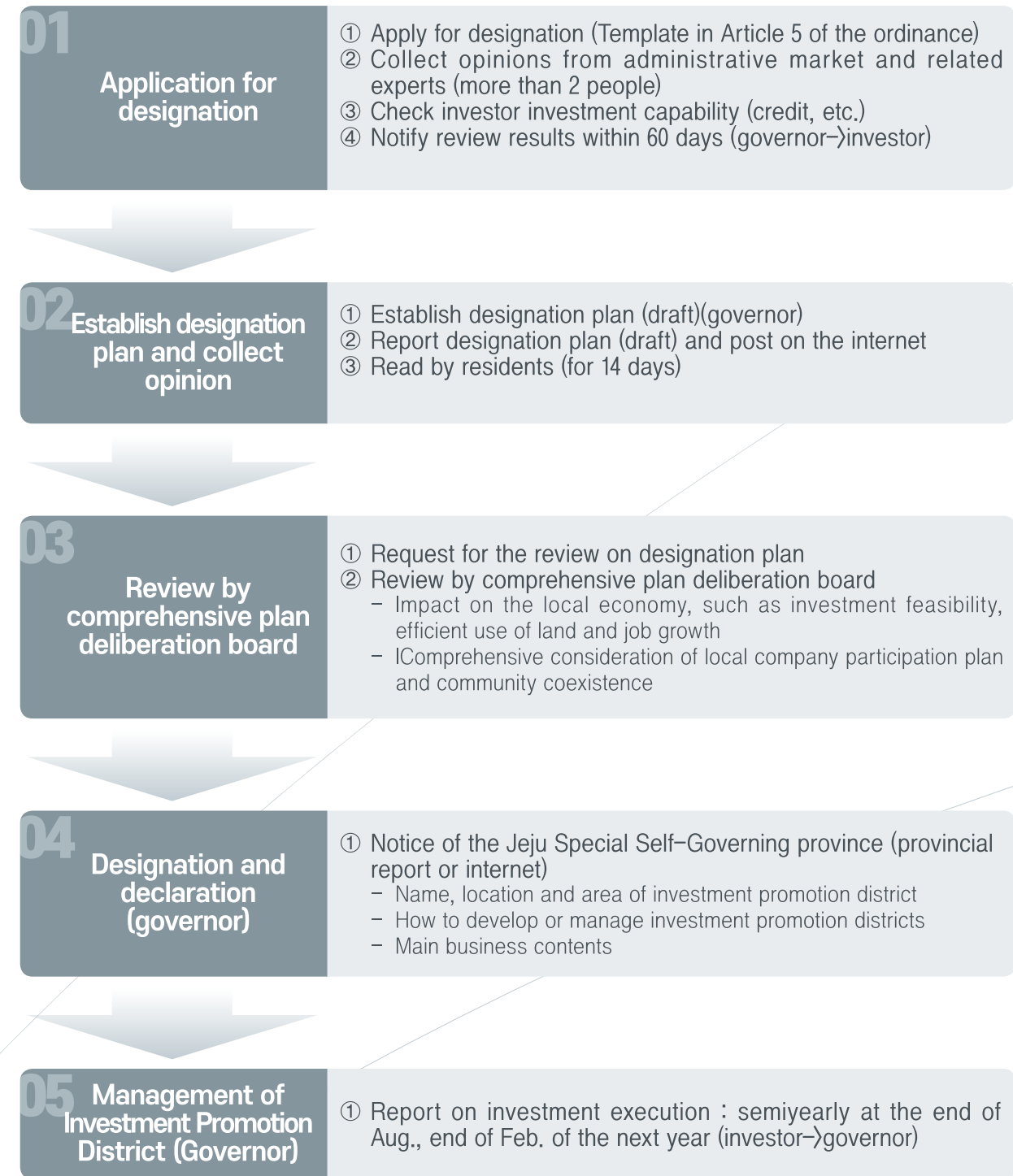
- **Basis** : Article 165 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City
Article 29(7) and (8) of the Ordinance of the public property management of Jeju Special Self-Governing Province
- **Rental period** : Rental (renewable) and permanent facility construction within 50 years
- **Reduction target and criteria** : Deductions within 75% of resident companies in investment promotion districts, payment of 20 years installment
 - ※ The lease of national and public property shall be determined through prior consultation with the department in charge of permitting, permitting, approving, and reporting the investment project.



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