

**The following tax information is translated from Korean for foreign-invested companies, and is not legally binding.**

### ※ Finalized Value Added Tax (VAT) return filing for the 2nd period of 2018

- Taxpayers subject to filing a finalized VAT return
  - Corporate entrepreneurs, general taxable persons, simplified taxable persons
- Finalized VAT filing and payment period

Period	Type of entrepreneur		Classification	Filing period
2nd period	Corporation		<ul style="list-style-type: none"> <li>• Continuing business</li> <li>• Newly commenced business (in or after October)</li> </ul>	<ul style="list-style-type: none"> <li>• Jul. 1~Dec. 31 (excluding the amount filed through preliminary returns and early VAT refunds)</li> <li>• Business commencement date-Dec. 31(excluding the amount filed through early VAT refund returns)</li> </ul>
	Individual	General taxable persons	<ul style="list-style-type: none"> <li>• Continuing business</li> <li>• Newly commenced business</li> </ul>	<ul style="list-style-type: none"> <li>• Jul. 1~Dec. 31 (excluding the amount filed through preliminary returns and early VAT refunds)</li> <li>• Business commencement date-Dec. 31(excluding the amount filed through early VAT refund returns)</li> </ul>
		Simplified taxable persons	<ul style="list-style-type: none"> <li>• Continuing business</li> <li>• Newly commenced business</li> </ul>	<ul style="list-style-type: none"> <li>• Jan .1-Dec. 31</li> <li>• Business commencement date-Dec. 31</li> </ul>

※Businesses without any sales turnover during the filing period due to temporary business closure, etc. should also file a VAT return

### ◇ Recent administrative rulings

#### ※ Period for inclusion of impairment losses on available-for-sale financial assets in deductible expense (Oct. 23, 2018)

- The impairment losses on available-for-sale financial assets owned by a domestic company can be included in deductible expense when the relevant stock-issuing company is dissolved and the dissolution procedure is completed and therefore it is confirmed that there are no distributable remaining assets.
  - If a company only completed registration of dissolution and has not proceeded with the dissolution process such as sale and distribution of assets, such impairment losses cannot be included in deductible expense.

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※ **Whether a place of business can be considered a domestic business establishment (Sep. 5, 2018)**

- A fixed place of business where a foreign company conducts part or all of its business is considered a permanent establishment in accordance with Article 94 (1) of the Corporate Tax Act. Also, a place where service is conducted for a total of more than six months during the 12 months in which service provision through a company's employee is continued shall be considered a permanent establishment in accordance with Article 94 (2) of the same Act.
- If a British company carries out a specific service in accordance with a subcontracting agreement with an Italian company, and the employee of the British company carrying out such service temporarily terminates employment relations with the Italian company that it initially belonged to and signs an employment contract with the British company or is dispatched from another related company of the British company, whether the place where the employee carries out service can be considered a domestic business establishment of the British company or not should be determined based on the Italian company's scope of responsibility, whether command and control was done for the business, the portion and responsibility of the business, etc.

※ **Whether 'total pay' includes the amount of salary that should have been paid during the period remuneration was not paid when calculating the ceiling for executives' retirement (Oct. 29, 2018)**

- If a resolution not to pay an executive's remuneration was made at a general meeting of shareholders and his/her pay was not paid and therefore income tax was not levied, the amount equivalent to the unpaid remuneration shall not be included in total pay for three years retroactively from the date of retirement as prescribed by Article 22 (3) of the Income Tax Act.

*For more information, please contact the International Tax Resource Management Office of the National Tax Service (82-44-204-2873~75).*