

Every month, KOTRA Express provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.

Investment-in-kind with domestic real estate



If a foreigner acquires the existing stocks of a Korean company by means of investing the land he/she owns in Korea, is this recognized as foreign direct investment under the Foreign Investment Promotion Act?



Yes, because foreigner-owned real estate in Korea falls under “object of investment” as prescribed by the Foreign Investment Promotion Act.

Under the Foreign Investment Promotion Act, the following items fall under “object of investment”:³²⁾

- Foreign means of payment as prescribed by the Foreign Exchange Transactions Act or domestic means of payment by the exchange of the said foreign means of payment
Capital goods
- Proceeds from stock acquisition in accordance with this Act
- Industrial property rights, intellectual property rights as prescribed by Presidential Decree, other technologies thereto, and rights pertaining to the use of such rights or technologies
- Where a foreigner closes his/her own branch company or office in Korea and then converts the branch company or office into another domestic corporation, or where a domestic corporation the stocks of which are possessed by a foreigner is dissolved, the residual property allotted to the said foreigner upon the liquidation of the said branch company, office, or corporation
- The amount of redemption of long-term loans or of other loans from foreign countries
- Stocks prescribed by Presidential Decree
- Real estate located in Korea (Capital transactions should be reported as prescribed by the Foreign Exchange Transactions Act.)
- Other means of domestic payment as prescribed by Presidential Decree

³²⁾ Article 2 (1) 8 of the Foreign Investment Promotion Act

If you have further questions please contact +82-1600-7119 or visit www.investkorea.org >>How We Can Help >> Online Consulting.