

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

A non-resident foreign company's establishment of a domestic branch

Q. Does the Foreign Investment Promotion Act apply to the establishment of a local branch by a non-resident foreign company?

A. If a foreign company establishes a domestic branch, the Foreign Exchange Transactions Act (Foreign Exchange Transaction Regulations) shall apply instead of the Foreign Investment Promotion Act.



Additional information

- Types of domestic branches established by a foreign company¹³⁾
 - A "branch" that carries out sales activities that generate profit in Korea.
 - An "office" that does not carry out sales activities that generate profit in Korea, but instead undertakes a non-sales function involving business contacts, market research, R&D, etc.
- Notification of branch establishment¹⁴⁾
 - In order for a foreign company to establish a domestic branch, the head of a designated foreign exchange bank should be notified of such establishment.
 - However, if a foreign company seeks to establish a domestic branch to pursue the following businesses, the Minister of Finance and Strategy should be notified of such establishment.
 - Financial businesses other than banking business, including fund loans, brokering and arranging overseas finance, cards, installment financing, etc.
 - Businesses related to securities and insurances
 - Businesses not permitted under the Foreign Investment Promotion Act or other laws
- Notification (including notification of change)¹⁵⁾
 - Notification form: Notification of establishment of a domestic branch of a foreign company (Form no. 9-8 of the Foreign Exchange Transaction Regulations)
 - Documents to be attached
 - Documents certifying the name, location and major businesses of the foreign company that is the headquarters
 - Where an authorization for establishment is required by other laws, a copy of documents certifying such authorization
 - A statement of the content and scope of businesses that the company intends to engage in in Korea
- Introduction of operating funds, etc.¹⁶⁾
 - Where a domestic branch seeks to introduce operating funds from the overseas parent company, the funds should be introduced through a designated foreign exchange bank.
- Overseas remittance of net profit
 - If a branch that notified its establishment intends to remit net profit overseas, it should be done through a designated foreign exchange bank.
 - Application form for remittance: Form no. 9-10 for application for remittance of the net profit of a foreign company's Korean branch
 - Documents to be attached Balance sheet and income statement of the branch
 - Certificate of payment of tax
 - An audit certificate by a certified accountant (only if the ratio of the net profit to the amount of introduced operating funds is 100/100 or higher or if the amount of net profit exceeds KRW 100 million during the relevant accounting period)

13) Article 9-32 of the Foreign Exchange Transaction Regulations, 14) Article 9-33 of the Foreign Exchange Transaction Regulations
15) Article 9-34 of the Foreign Exchange Transaction Regulations, 16) Article 9-35 of the Foreign Exchange Transaction Regulations

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