

When a foreigner registers an individual business in Korea, can this be recognized as FDI?

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

- Q.** When a foreigner (individual) registers an individual business in Korea, can this be recognized as foreign direct investment?
- A.** Yes, it can be recognized as foreign direct investment.



- The 2020 amendments by the Ministry of Trade, Industry and Energy to the definitions of “foreign investment” under the Foreign Investment Promotion Act (promulgated on February 4, 2020 and enforced on August 5, 2020) confirmed that an individual business (sole proprietorship) established by a foreigner shall be recognized as foreign investment.

※ Clarifications of the definitions of “foreign investment” (Article 2(1)3 and Article 2(1)4(a) of the Foreign Investment Promotion Act)

– The term “Korean corporation or a company” means a corporation established under the laws of the Republic of Korea or a company registered as a business (Article 2(1)3 of the Act)

– The term “foreign investment” means where a foreigner holds stocks or shares (hereinafter referred to as “stocks, etc.”) of a Korean corporation (including a Korean corporation in the process of establishment) or a company in order to establish a continuous economic relationship with the Korean corporation or company, such as participating in the management of such Korean corporation or company in accordance with this Act (Article 2(1)4(a) of the Act)



- The above amendments to the Foreign Investment Promotion Act were promulgated and enforced in August 2020. Under the authority of the Minister of Justice, however, the current visa system for foreign investors will remain unchanged: D-8 visa will be applied and issued for corporate businesses and D-9 visa for individual businesses in accordance with the Immigration Act. (Please call the 1345 Immigration Contact Center for inquiries.)

1) D-8 (business investment) visa: Issued to a foreigner who invests in a Korean corporation or company.

- D-8-1: Issued where a foreigner invests not less than KRW 100 million in a domestic corporate business and the investment ratio is not less than 10 percent
- D-8-3: Issued where a foreigner partners with a Korean national and each of them invests not less than KRW 100 million with the investment ratio of not less than 10 percent in a domestic individual business. The joint business agreement (partnership agreement) verifying the investment amount and ratio should be submitted. (The relevant immigration office shall examine the documents verifying that the foreigner and the Korean national each invested not less than KRW 100 million.)

2) D-9 (trade management) visa: Issued where a foreigner invests in a domestic individual business alone or jointly with others.

- The amount invested by a foreigner should be at least KRW 300 million (a condition for visa issuance) and the investment ratio should be at least 10 percent for both a sole or joint investment.
- Pursuant to a court ruling issued in January 2012 that denied the status of a foreign-invested company to a foreign-invested individual business, the Ministry of Justice has issued D-9 (trade management) visa to foreign-invested individual business owners instead of D-8 (business investment) visa since August 29, 2012.

If you have further questions please contact



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