

Can a foreigner acquire real estate in Korea and engage in real estate lease business?

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

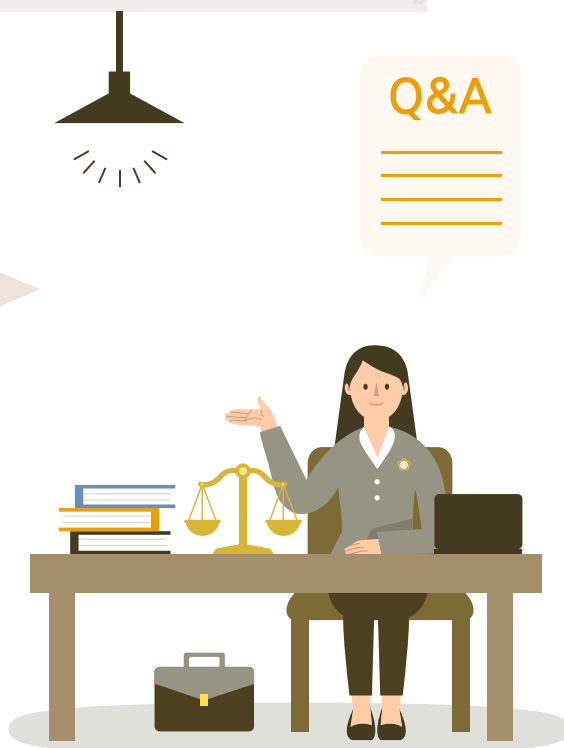
Q.

Can a foreigner acquire real estate in Korea and engage in real estate lease business?

A.

A foreigner intending to engage in real estate lease business in Korea can establish a foreign-invested company and acquire real estate in the name of the company. In this case, rental income can be transferred to foreign countries in the form of dividends after the settlement of accounts.

Q&A



- However, an individual foreigner or a foreign corporation intending to engage in real estate lease business by directly acquiring real estate can engage in real estate lease business under the name of a foreigner after acquiring real estate pursuant to the Foreign Exchange Transactions Act or the Act on Report of Real Estate Transactions, Etc. and appointing a tax manager. This does not constitute a foreign investment under the Foreign Investment Promotion Act.
- When intending to acquire real estate for the purpose of possession, a foreigner (individual or foreign corporation) should notify the acquisition of real estate to the head of a foreign exchange bank in accordance with the Foreign Exchange Transactions Act, together with document certifying the real estate transaction.

<Domestic Laws related to Real Estate Acquisition>

| | Act on Report of Real Estate Transactions, Etc. | Foreign Investment Promotion Act | Foreign Exchange Transactions Act |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Applicable parties | A foreigner, etc. (an individual of foreign nationality, a foreign corporation, a domestic corporation with not less than 50% foreign ownership, a foreign government, an international organization, etc.) * Including a permanent resident of a foreign country | A foreigner (an individual of foreign nationality, a foreign corporation, a permanent resident of a foreign country, and an international organization for economic cooperation) | A non-resident |
| Key regulations | Notification required when real estate in Korea is acquired by a foreigner | Notification required when a foreigner acquires real estate through a foreign-invested company after reporting on foreign investment and the registration of a foreign-invested enterprise | Notification required when a non-resident acquires rights related to real estate in Korea (a right to use property based on lump-sum deposit (jeonse) contract, mortgage, etc.) |
| Where to report | Si/Gun/Gu office having jurisdiction over the property | Foreign exchange bank and KOTRA | Foreign exchange bank and Bank of Korea |
| Reporting period | Within 60 days of the conclusion of a contract | Prior to bringing in investment funds | At the time of withdrawal of funds |
| Governing authorities | Ministry of Land, Infrastructure and Transport | Ministry of Trade, Industry and Energy | Ministry of Economy and Finance |

If you have further questions please contact



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