

# Can a foreign-invested company redeem whole or part of its long-term loan within five years before maturity?

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

## Q.

**Can a foreign-invested company redeem whole or part of its long-term loan within five years before maturity?**

## A.

Yes, early redemption is possible.

- In accordance with Article 2(1)4(b) of the Foreign Investment Promotion Act, a loan with maturity of not less than five years is based on the loan maturity prescribed in the first loan contract. Therefore, early redemption of loans (within five years) is permitted for loans that satisfy the qualifications for foreign investment prescribed by Article 2(2) of the Enforcement Rule of the same Act and introduced after notifying foreign investment in the form of long term loans.
- However, for early redemption of loans, a notification of change of information of foreign investment in the form of long term loans shall be completed (the revised loan contract shall be attached) pursuant to Article 5(3) of the Act and Article 22(3) of the Enforcement Rule of the Act, and overseas remittance procedure shall be completed according to Article 4-2 (procedures for payment, etc.) of the Foreign Exchange Transactions Regulations.

*If you have further questions please contact*



+82-1600-7119

*or visit*



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