



A foreign investment in the form of a long-term loan is not recorded as the amount of foreign investment on a certificate of registration of foreign-invested company. What is the reason?

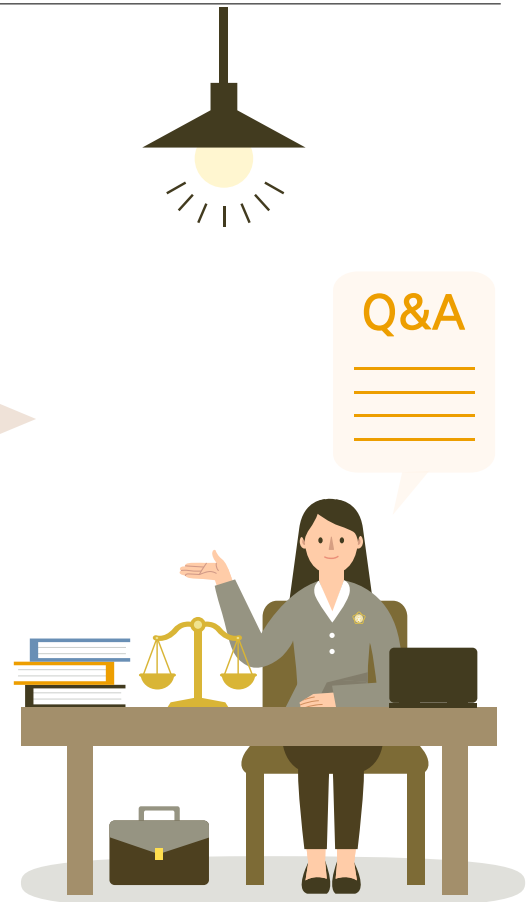
Every month, Invest Korea provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.

Q.

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A.

A foreign investment in the form of a long-term loan is recognized as foreign investment under Article 2 (1) 4 (b) of the Foreign Investment Promotion Act. But, because it does not constitute a foreign investment in the form of equity investment which is recorded on the certificate of registration of a foreign-invested company (Articles 2 (1) 4 (a), 2 (1) 4 (c), and 2 (1) 4 (e) of the same Act), it is not recorded as the amount of foreign investment on the certificate of registration.



- Also, under Article 21 (1) of the Foreign Investment Promotion Act, foreign investments eligible for registration of a foreign-invested company are limited to the following: where a foreign investor has completed payment for the object of investment (new shares); where a foreign investor has completed the acquisition of stocks, etc. (existing shares); or where a foreign investor has completed contribution to a nonprofit organization.

If you have further questions please contact



+82-1600-7119

or visit



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