ACT ON RESTRICTION ON SPECIAL CASES CONCERNING TAXATION

Wholly Amended by Act No. 5584, Dec. 28, 1998
Amended by Act No. 5825, Feb. 8, 1999
Act No. 5960, Mar. 31, 1999
Act No. 5980, Apr. 30, 1999
Act No. 5982, May 24, 1999
Act No. 5996, Aug. 31, 1999
Act No. 6055, Dec. 28, 1999
Act No. 6054, Dec. 28, 1999
Act No. 6045, Dec. 28, 1999
Act No. 6073, Dec. 31, 1999
Act No. 6136, Jan. 12, 2000
Act No. 6194, Jan. 21, 2000
Act No. 6273, Oct. 21, 2000
Act No. 6312, Dec. 29, 2000
Act No. 6305, Dec. 29, 2000
Act No. 6299, Dec. 29, 2000
Act No. 6297, Dec. 29, 2000
Act No. 6372, Jan. 16, 2001
Act No. 6480, May 24, 2001
Act No. 6510, Aug. 14, 2001
Act No. 6501, Aug. 14, 2001
Act No. 6519, Nov. 21, 2001
Act No. 6538, Dec. 29, 2001
Act No. 6689, Apr. 20, 2002
Act No. 6708, Aug. 26, 2002
Act No. 6705, Aug. 26, 2002
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Act No. 6852, Dec. 30, 2002
Act No. 6867, May 10, 2003
Act No. 6916, May 29, 2003

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Act No. 7003, Dec. 30, 2003
Act No. 7030, Dec. 31, 2003
Act No. 7066, Jan. 20, 2004
Act No. 7191, Mar. 12, 2004
Act No. 7210, Mar. 22, 2004
Act No. 7216, Jul. 26, 2004
Act No. 7220, Oct. 5, 2004
Act No. 7240, Oct. 22, 2004
Act No. 7322, Dec. 31, 2004
Act No. 7311, Dec. 31, 2004
Act No. 7284, Dec. 31, 2004
Act No. 7281, Dec. 31, 2004
Act No. 7332, Jan. 5, 2005
Act No. 7428, Mar. 31, 2005
Act No. 7577, Jul. 13, 2005
Act No. 7601, Jul. 13, 2005
Act No. 7678, Aug. 4, 2005
Act No. 7775, Dec. 29, 2005
Act No. 7839, Dec. 31, 2005
Act No. 7845, Jan. 2, 2006
Act No. 7849, Feb. 21, 2006
Act No. 7949, Apr. 28, 2006
Act No. 8050, Oct. 4, 2006
Act No. 8086, Dec. 26, 2006
Act No. 8146, Dec. 30, 2006
Act No. 8138, Dec. 30, 2006
Act No. 8371, Apr. 11, 2007
Act No. 8362, Apr. 11, 2007
Act No. 8347, Apr. 11, 2007
Act No. 8367, Apr. 11, 2007
Act No. 8387, Apr. 27, 2007
Act No. 8466, May 17, 2007
Act No. 8493, Jun. 1, 2007
Act No. 8572, Aug. 3, 2007
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Act No. 9088, Jun. 5, 2008
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Act No. 9272, Dec. 26, 2008
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Act No. 9353, Jan. 30, 2009
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Act No. 9346, Jan. 30, 2009
Act No. 9432, Feb. 6, 2009
Act No. 9512, Mar. 25, 2009
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Act No. 9924, Jan. 1, 2010
Act No. 10068, Mar. 12, 2010
Act No. 10220, Mar. 31, 2010
Act No. 10221, Mar. 31, 2010
Act No. 10285, May 14, 2010
Act No. 10310, May 25, 2010
Act No. 10339, Jun. 4, 2010
Act No. 10361, Jun. 8, 2010
Act No. 10406, Dec. 27, 2010
Act No. 10445, Mar. 9, 2011
Act No. 10529, Apr. 4, 2011
Act No. 10596, Apr. 14, 2011
Act No. 10631, May 19, 2011
Act No. 10653, May 19, 2011
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Act No. 10789, Jun. 7, 2011
Act No. 10854, Jul. 14, 2011
Act No. 10890, Jul. 21, 2011
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Act No. 11873, Jun. 7, 2013
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Act No. 12031, Aug. 13, 2013
Act No. 12153, Jan. 1, 2014
Act No. 12173, Jan. 1, 2014
Act No. 12251, Jan. 14, 2014
Act No. 12570, May 14, 2014
Act No. 12663, May 21, 2014
Act No. 12853, Dec. 23, 2014
Act No. 13082, Jan. 28, 2015
Act No. 13230, Mar. 27, 2015
Act No. 13372, Jun. 22, 2015
Act No. 13383, Jun. 22, 2015
Act No. 13448, Jul. 24, 2015
Act No. 13426, Jul. 24, 2015
Act No. 13474, Aug. 11, 2015
Act No. 13498, Aug. 28, 2015
Act No. 13499, Aug. 28, 2015
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Act No. 14095, Mar. 22, 2016
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Act No. 14122, Mar. 29, 2016
Act No. 14127, Mar. 29, 2016
Act No. 14198, May 29, 2016
Act No. 14390, Dec. 20, 2016
Act No. 14481, Dec. 27, 2016
Act No. 14567, Feb. 8, 2017
Act No. 14569, Feb. 8, 2017
Act No. 14760, Apr. 18, 2017
Act No. 14874, Sep. 12, 2017
Act No. 15022, Oct. 31, 2017
Act No. 15227, Dec. 19, 2017
Act No. 15309, Dec. 26, 2017
Act No. 15356, Jan. 16, 2018
Act No. 15623, May 29, 2018
Act No. 15785, Oct. 16, 2018
Act No. 15881, Dec. 11, 2018
Act No. 16009, Dec. 24, 2018
Act No. 16133, Dec. 31, 2018
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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to contribute to the sound development of national economy by enhancing fair taxation and efficiently implementing tax policy through prescribing matters concerning special cases of taxation, such as tax reduction, tax exemption, heavy taxation, etc., along with matters concerning restriction on such special cases. *<Amended on Jun. 9, 2020>*

Article 2 (Definitions)

(1) The definitions of terms used in this Act shall be as follows: *<Amended on Dec. 31, 2019; Dec. 31, 2024>*

1. The term "national" means a resident defined in the Income Tax Act and a domestic corporation defined in the Corporate Tax Act;

2. The term "taxable year" means a taxable period defined in the Income Tax Act or a business year defined in the Corporate Tax Act;

3. The term "tax return" means the final tax return filed under Articles 70 71, 74, and 110 of the Income Tax Act and the tax return filed under Article 60 of the Corporate Tax Act;

4. The term "gross income" means total amount of income prescribed under Article 24 of the Income Tax Act or income prescribed under Article 14 of the Corporate Tax Act;

5. The term "deductible expenses" means necessary expenses prescribed under Article 27 of the Income Tax Act, or deductible expenses prescribed under Article 14 of the Corporate Tax Act;

6. The term "tax carried forward" means that, where an individual transfers his or her fixed assets, etc. used for business purposes (hereafter in this subparagraph, referred to as "fixed assets, etc. for the previous business") to a corporation as investment in kind, etc., no income tax on the income generated from such transfer under Article 94 of the Income Tax Act (hereinafter referred to as "capital gains tax") shall be imposed on the individual transferring his or her fixed assets, etc., but if the corporation acquiring such assets, etc. is to transfer such fixed assets, etc. used for the relevant business purposes, it shall pay, as the corporate tax, the equivalent of the capital gains tax calculated under Article 104 of that Act, which is calculated as if no other assets had been transferred during the taxable period in which the individual transferred the fixed assets, etc. for a previous business to such corporation;

7. The term "taxation deferment" means that, where any individual transfers his or her fixed assets used for business purposes (hereafter in this subparagraph, referred to as "fixed assets, etc. for the previous business") to relocate his or her factory, etc., and acquires the fixed assets used for other business (hereafter in this subparagraph, referred to as "fixed assets, etc. for the new business") with the transfer value, no capital gains tax shall be imposed on the amount calculated by the following formula (where the acquisition value of the fixed assets, etc. for the new business exceeds the transfer value of the fixed assets, etc. for the previous business, the gains on transfer accruing from the transfer of the fixed assets, etc. for the previous business shall be the ceiling; hereafter in this subparagraph, referred to as "amount

of tax deferred") among the gains on transfer accruing from the transfer of the fixed assets, etc. for the previous business, but when the fixed assets, etc. for the new business are transferred, an amount calculated by subtracting the amount of tax deferred from the acquisition value of the fixed assets, etc. for the new business shall be deemed the acquisition value, and the capital gains tax shall be levied thereon:

The gains on transfer accruing from the transfer of the fixed assets, etc. for the previous business × (the acquisition value of the fixed assets, etc. for the new business/the transfer value of the fixed assets, etc. for the previous business)

8. The term "special taxation" means the reduction of or exemption from tax, such as applying special tax rates, reducing or exempting the amount of tax, tax credits, income deduction, including reserves in deductible expenses, etc. where specific conditions are satisfied, as well as heavy taxation, such as inclusion in gross income or non-inclusion in the deductible expenses, etc. for specific purposes;

9. The term "Seoul Metropolitan area" means the Seoul Metropolitan area provided for in subparagraph 1 of Article 2 of the Seoul Metropolitan Area Readjustment Planning Act;

10. The term "over-concentration control region of the Seoul Metropolitan area" means the over-concentration control region provided for in Article 6 (1) 1 of the Seoul Metropolitan Area Readjustment Planning Act.

10-2. The term "depopulation area" means an area where population declines, as referred to in subparagraph 12 of Article 2 of the Special Act on the Decentralization of Local Autonomy and Balanced Regional Development;

11. The term "research and development" means systematic and creative activities for scientific and technological progress or for the development of new services and service delivery systems, excluding activities prescribed by Presidential Decree;

12. "Workforce development" means activities to educate and train officers or employees employed by a national.

(2) Except as otherwise expressly provided for in this Act, any terms other than those defined in paragraph (1) shall be as defined in the Acts set forth in Article 3 (1) 1 through 19.

(3) Except as otherwise expressly provided for in this Act, the classification of types of business used in this Act shall be subject to the Korea Standard Industrial Classification publicly announced by the Commissioner of the Statistics Korea under Article 22 of the Statistics Act; provided, the types of business that become otherwise ineligible for special taxation under this Act due to a change in the Korea Standard Industrial Classification shall remain eligible for special taxation applicable to the relevant types of business under the former Korea Standard Industrial Classification for the taxable year in which such change in the Korea Standards Industrial Classification occurs and the immediately following taxable year.

Article 3 (Restrictions on special taxation)

(1) Special taxation shall be not prescribed by Acts other than this Act, the Framework Act on National Taxes, treaties, and any of the following Acts: *<Amended by Act No. 6054, Dec. 28, 1999; Act No. 7210, Mar. 22, 2004; Act No. 7849, Feb. 21, 2006; Act No. 8138, Dec. 30, 2006; Act No. 8827, Dec. 31, 2007; Act No. 9921, Jan. 1, 2010; Act No. 10220, Mar. 31, 2010>*

1. Income Tax Act;
2. Corporate Tax Act;
3. Inheritance Tax and Gift Tax Act;
4. Value-Added Tax Act;
5. Individual Consumption Tax Act;
6. Liquor Tax Act;
7. Stamp Tax Act;
8. Securities Transaction Tax Act;
9. National Tax Collection Act;
10. Traffic, Energy and Environment Tax Act;
11. Customs Act;
12. Act on Restriction on Special Cases concerning Local Taxation;
13. Provisional Import Surtax Act;
14. Deleted; *<Dec. 29, 2001>*
15. Adjustment of International Taxes Act;
16. Act on Real Name Financial Transactions and Confidentiality;
17. Deleted; *<Dec. 29, 2000>*
18. Education Tax Act;
19. Act on Special Rural Development Tax;
20. Deleted; *<May 24, 1999>*
21. Inter-Korean Exchange and Cooperation Act;
22. Deleted; *<Jan. 1, 2010>*
23. Act on Designation and Management of Free Trade Zones;
24. Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City (applicable only to the taxes of the Jeju Special Self-Governing Province);
25. Comprehensive Real Estate Holding Tax Act.

(2) No additional penalty tax and capital gains tax shall be included in the scope of taxes to be reduced or exempted as prescribed by this Act, the Framework Act on National Taxes, treaties, and the Acts listed under paragraph (1), except as otherwise expressly provided for in such Acts or treaties. *<Amended on Jan. 1, 2010>*

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CHAPTER II DIRECT NATIONAL TAXES

SECTION 1 Special Taxation for Small or Medium Enterprises

Article 4 Deleted. *<Dec. 31, 2007>*

Article 5 Deleted. *<Dec. 29, 2020>*

Article 5-2 (Special Taxation for Supporting Project of Informatization for Small or Medium Enterprises)

Where such small or medium enterprisers prescribed by Presidential Decree invest the contribution, etc. for supporting projects of informatization of small or medium enterprises, which is paid no later than December 31, 2015 pursuant to Article 18 of the Act on the Promotion of Technology Innovation of Small and Medium Enterprises, Article 19 of the Industrial Technology Innovation Promotion Act, and Article 44 (1) of the Information and Communications Technology Industry Promotion Act, in any of the following facilities, such contribution, etc. may be included in deductible expenses by applying mutatis mutandis Article 32 of the Income Tax Act and Article 36 of the Corporate Tax Act: *<Amended on Jan. 1, 2013>*

1. Computers, their peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for the management of human and material resources of an enterprise, including information about purchasing, design, construction works, production, inventory, personnel and business information in an electrical format, of which the depreciation period is two years or longer (hereinafter referred to as "facilities for enterprise resource planning");
2. Computers, their peripheral devices, software, telecommunications facilities and other tangible and intangible facilities used for demand forecast, contract, providing services, selling merchandise, delivery, settlement of payments, customer management or such in an electronic format, of which the depreciation period is two years or longer (hereinafter referred to as "facilities for electronic commerce");
3. Any facilities prescribed by Presidential Decree other than those under subparagraphs 1 and 2, but used for informatization of an enterprise.

Article 5-3 Deleted. *<Dec. 31, 2007>*

Article 6 (Tax Reductions or Exemptions for Small or Medium Start-Up Enterprises)

(1) A small or medium enterprise incorporated for a type of business set forth in any subparagraph of paragraph (3) (hereafter in this Article, referred to as "small or medium start-up enterprise"), among the small and medium-sized enterprises prescribed by Presidential Decree (hereinafter referred to as "small

and medium-sized enterprises"), or a national designated as an operator of a business incubator under Article 53 (1) of the Support for Small and Medium Enterprise Establishment Act (hereafter in this Article, referred to as "operator of a business incubator"), on or before December 31, 2027, is entitled to an income tax or corporate tax reduction by the equivalent to an amount calculated by multiplying income tax or corporate tax on the income accrued from the relevant business by the rate classified as follows, for the taxable year in which the first income accrues from the relevant business (if no income accrues from the relevant business by the taxable year falling on the fifth anniversary from the date the relevant business commences, referring to the taxable year falling on such fifth anniversary; hereafter in paragraph (6), the same shall apply) and for the taxable years that end within the four subsequent taxable years from the date the following taxable year commences: *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; May 29, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. In cases of a small or medium start-up enterprise: The rate classified as follows:
   (a) Where he or she establishes a business before December 31, 2025:
   (b) Where he or she establishes a business after January 1, 2026:
2. In cases of an operator of a business incubator: 50/100.

(2) Where an enterprise prescribed by Presidential Decree among venture businesses defined in Article 2 (1) of the Special Act on the Promotion of Venture Businesses (hereinafter referred to as "venture business"), is certified as a venture business by not later than December 31, 2027 pursuant to Article 25 of that Act within three years from its incorporation (hereinafter referred to as "small or medium start-up venture enterprise"), that enterprise is entitled to an income tax or corporate tax reduction by the equivalent to 50/100 of the income tax or corporate tax levied on the income accrued from the relevant business, for the taxable year in which the first income accrues from the relevant business since the date of such certification (or the taxable year falling on the fifth anniversary from the date such enterprise is certified as a venture business, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary), and for the taxable years that end within the four subsequent taxable years from the date the following taxable year commences; provided, the same shall not apply where the enterprise is granted an income or corporate tax reduction under paragraph (1) and, if any of the following events occurs during the period of reduction, it becomes ineligible for reduction, starting from the taxable year in which the date classified as follows, falls: *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 20, 2016; May 29, 2018; Dec. 28, 2021; Jan. 9, 2024; Dec. 31, 2024>*

1. Where its certification as the venture business is revoked: The date of revocation;
2. Where the valid period of the certificate of venture business issued under Article 25 (2) of the Special Act on the Promotion of Venture Businesses, expires (excluding where the relevant enterprise is re-certified as a venture business as at the end of the relevant taxable year): The expiry date of the valid period.

(3) Small or medium start-up enterprises and small or medium start-up venture enterprises shall be small or medium enterprises engaging in the following types of business: *<Amended on Dec. 31, 2019; Aug. 17,*

2021; Feb. 27, 2024; Dec. 31, 2024>

1. Mining business;

2. Manufacturing business (including that prescribed by Presidential Decree, similar to manufacturing business: hereinafter the same shall apply);

3. Waterworks, sewage and waste disposal, and raw material recycling business;

4. Construction business;

5. Telemarketing business;

6. Logistics industry prescribed by Presidential Decree (hereinafter referred to as "logistics industry");

7. Restaurant business;

8. Information communications business; provided, businesses falling under any of the following are excluded:

(a) Business operating rooms for viewing video products;

(b) Business providing news information;

(c) Business of trading and brokerage of virtual assets.

9. Business providing financial services by using an information communication system specified by Presidential Decree, among financial and insurance businesses;

10. Specialized, scientific and technical service business (including engineering business prescribed by Presidential Decree (hereinafter referred to as "engineering business "); provided, businesses falling under any of the following are excluded:

(a) Attorney-at-law service business;

(b) Patent attorney service business;

(c) Certified judicial scrivener service business;

(d) Certified public accountant service business;

(e) Certified public tax accountant service business;

(f) Veterinarian service business;

(g) Business operating an office established under Article 14 of the Licensed Administrative Agent Act;

(g) Business operating an office reported under Article 23 of the Certified Architects Act;

11. Business falling under any of the following, among business facility management, business support and rental service businesses;

(a) Business facility management and landscaping service business;

(b) Business support service business (job referral business and workforce supply business include business supplying agricultural workers)

12. Social welfare service business;

13. Service business related to art, sports and leisure; provided, the businesses falling under any of the following are excluded:

(a) Self-employed artist;

(b) Business operating a recreational facility;

(c) Water recreation service business;

(d) Business of management and operation of a gambling facility;

(e) Other recreation-related service business;

14. Business falling under any of the following, among associations, organizations, and repair and other personal service businesses:

(a) Maintenance and repair services for personal and household goods;

(b) Barber and hairdresser service business;

15. Business operating a private institute teaching vocational skills under the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons or business operating a vocational skill development training establishment under the National Lifelong Vocational Skills Development Act (limited to where the main business is vocational skill development training);

16. Tourist accommodation business, international conference business, theme park business under the Tourism Promotion Act and tourist facilities business prescribed by Presidential Decree;

17. Business operating welfare facilities for elderly persons under the Welfare of Senior Citizens Act;

18. Exhibition industry under the Act on the Development of Exhibition Industry.

(4) Where a small or medium enterprise, in whose case three taxable years have not passed since the date of its incorporation, is recognized as a new energy technology small or medium enterprise prescribed by Presidential Decree (hereinafter referred to as "new energy technology small or medium enterprise") by not later than December 31, 2027, the small or medium enterprise is entitled to an income or corporate tax reduction by the equivalent to 50/100 of the income tax or corporate tax levied on the income accrued from the relevant business, for the taxable year in which the first income accrues from the relevant business since it was recognized as a new energy technology small or medium enterprise (or the taxable year falling on the fifth anniversary from the date such enterprise was recognized as a new energy technology small or medium enterprise, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary), and for the taxable years that end within the four subsequent taxable years from the date the following taxable year commences; provided, the same shall not apply where the small or medium enterprise is granted an income or corporate tax reduction under paragraph (1) or (2); and, if the small or medium enterprise ceases to be a new energy technology small or medium enterprise during the period of reduction, it becomes ineligible for reduction, starting from the taxable year in which it ceases to be a new energy technology small or medium enterprise. *<Amended on Jan. 1, 2013; Dec. 15, 2015; May 29, 2018; Dec. 28, 2021; Dec. 31, 2024>*

(5) Notwithstanding paragraphs (1), (2) and (4), in cases of a small or medium start-up enterprise (excluding any youth start-up small or medium enterprise) incorporated in an area outside the over-concentration control region of the Seoul Metropolitan area, on or before December 31, 2024, a small or medium start-up venture enterprise certified as a venture business by not later than December 31, 2024, or

an enterprise that falls under a new energy technology small or medium enterprise and engages in any of the new-growth service businesses prescribed by Presidential Decree by not later than December 31, 2024, it is entitled to a tax reduction by the equivalent to 75/100 of the income tax or corporate tax, for the taxable year in which tax reduction is granted for the first time and for the taxable years that end within the two subsequent years from the date the following taxable year commences, and to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for another taxable years that end within for the next two subsequent taxable years therefrom. *<Added on Dec. 19, 2017; May 29, 2018; Dec. 28, 2021>*

(6) Notwithstanding paragraphs (1) and (5), in cases of a small or medium start-up enterprise (excluding any youth start-up small or medium enterprise; hereafter the same shall apply in this paragraph) incorporated, on or before December 31, 2027, where the income accrued from the relevant business, for the taxable year in which the first income accrues from the relevant business and for the taxable years that end within the four subsequent taxable years from the date the following taxable year commences (referring to the total amount of income converted into one year in cases of the amount of income for the taxable year of which taxable period is below one year), fails to exceed 80 million won, the small or medium start-up enterprise is entitled to a tax reduction by the equivalent to the amount obtained by multiplying the income tax or corporate tax for the relevant taxable years by the rate classified as follows; provided, cases where paragraph (2) or (4) applies shall be excluded herefrom: *<Added on May 29, 2018; Dec. 28, 2021; Dec. 31, 2024>*

1. Where it starts up a business before December 31, 2025: The ratio classified as follows:
   (a) Where it starts up a business in an area outside an over-concentration control region of the Seoul Metropolitan Area: 100/100;
   (b) Where it starts up a business in a depopulation area in the Seoul Metropolitan Area: 50/100;
2. Where it starts up a business before January 1, 2026: The ratio classified as follows:
   (a) Where it starts up a business in an area other than the Seoul Metropolitan Area or in a depopulation area within the Seoul Metropolitan Area: 100/100;
   (b) Where it starts up a business in the Seoul Metropolitan Area (excluding an over- concentration control area and a depopulation area in the Seoul Metropolitan Area): 75/100;
   (c) Where it starts a business in an over-concentration control area in the Seoul Metropolitan Area: 50/100.

(7) Where a small or medium start-up enterprise, an operator of a business incubator, a small or medium start-up venture enterprise, or a new energy technology small or medium enterprise, which employs at least the number of full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "minimum number of workers to be employed by type of business") by type of business eligible for tax reduction under paragraphs (1), (2), and (4) through (6), has the number of full-time employees for the relevant taxable year during the period of reduction under that paragraphs more than the number of full-time employees for the immediately preceding taxable year (where the number of full-time employees for the immediately preceding taxable year falls short of the minimum number of workers to be

employed by type of business, referring to the minimum number of workers by type of business), an amount calculated by multiplying the amount of tax referred to in subparagraph 1 by the rate referred to in subparagraph 2 shall be reduced in addition to the amount of tax reduction referred to in that paragraph; provided, no tax reduction under this paragraph shall apply to the taxable year for which an amount of tax equivalent to 100/100 is exempted or reduced pursuant to paragraphs (1) and (6): *<Added on Dec. 19, 2017; May 29, 2018; Dec. 31, 2019; Dec. 31, 2024>*

1. The income tax or corporate tax on the income accrued from the relevant business;
2. The rate calculated by the following formula; provided, the maximum reduction shall be 50/100 (25/100 in the case of a taxable year for which an amount of tax equivalent to 75/100 is eligible for reduction pursuant to paragraphs (1), (5), and (6)), and the fraction less than 1/100 shall be deemed zero.

(Number of full-time employees in the relevant taxable year - Number of full-time employees in the immediately preceding taxable year)

Number of full-time employees in the immediately preceding taxable year x 50/100

(8) For the purposes of paragraph (4), methods for calculating the income accrued from the relevant business shall be prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; May 29, 2018>*

(9) For the purposes of paragraph (7), the scope of full-time employees, methods for calculating the number of full-time employees and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 19, 2017; May 29, 2018>*

(10) For the purposes of paragraphs (1) through (9), none of the following cases shall be deemed a new business startup: *<Amended on Dec. 19, 2017; May 29, 2018>*

1. Where a person succeeds to a preexisting business through a merger, division, investment in kind, or acquisition of business or engages in the same type of business by acquiring or purchasing assets used in the preexisting business; provided, any of the following cases shall be excluded herefrom:
   (a) Where the assets used for the previous business are acquired or purchased to operate the same type of business and the ratio of the total value of those assets to the total value of business assets prescribed by Presidential Decree, including land, buildings, and machinery, is less than 50/100, which does not exceed the ratio prescribed by Presidential Decree;
   (b) Where business is partially separated and an executive officer or employee of the relevant enterprise commences the business, which meets the requirements prescribed by Presidential Decree;
2. Where a new corporation is incorporated by converting a business operated by a resident into a corporation;
3. Where a business of the same type as the one before its closure is conducted by re-starting a business after its closure;

4. Where it is impracticable to deem that a new business has been started, as it involves expanding the existing business or adding another business line, etc.

(11) Where an enterprise granted a tax reduction under paragraph (1), (2), or paragraphs (4) through (7) ceases to be a small or medium enterprise due to any of the events prescribed by Presidential Decree, such as a merger with any enterprise other than small and medium enterprises under the Framework Act on Small and Medium Enterprises, it becomes ineligible for a tax reduction, starting from the taxable year in which the relevant event occurs. *<Added on Dec. 20, 2016; Dec. 19, 2017; May 29, 2018>*

(12) Any national who intends to be granted a tax reduction or exemption pursuant to paragraph (1), (2), or paragraphs (4) through (7) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 20, 2016; Dec. 19, 2017; May 29, 2018>*

(13) Where the total amount of tax reduced or exempted pursuant to paragraphs (1), (2) and (4) through (7) in each taxable year exceeds 500 million won, the excess amount shall not be reduced or exempted. *<Newly Inserted on Dec. 31, 2024>*

Article 7 (Special Tax Reductions or Exemptions for Small or Medium Enterprises)

(1) A small or medium enterprise that engages in any of the following types of business eligible for tax reduction or exemption specified in subparagraph 1, is entitled to a reduction equivalent to the amount of tax calculated by multiplying the income tax or corporate tax levied on the income accrued from the relevant place of business for the taxable years that end on or before December 31, 2025 by the reduction rate prescribed in subparagraph 2 (limited to the amount calculated pursuant to subparagraph 3); provided, a domestic corporation that has its head office or principal place of business in the Seoul Metropolitan area shall be deemed to have all of its places of business in the Seoul Metropolitan area for applying the reduction rate prescribed in subparagraph 2 to that domestic corporation: *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 11, 2018; Dec. 24, 2018; Jun. 9, 2020; Dec. 29, 2020; Apr. 20, 2021; Aug. 17, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Types of business eligible for tax reduction or exemption:

(a) Crop-cultivating business;

(b) Livestock business;

(c) Fishery business;

(d) Mining business;

(e) Manufacturing business;

(f) Sewage and waste disposal (including recycling), raw material recycling, and environmental restoration business;

(g) Construction business;

(h) Wholesale and retail businesses;

(i) Passenger transport business among transportation businesses;
(j) Publishing business;
(k) Business producing or distributing video and audio record products (excluding business operating rooms for viewing video products);
(l) Broadcasting business;
(m) Telecommunications business;
(n) Computer programming, system integration, and management business;
(o) Information service business (excluding trading and brokerage business of virtual assets);
(p) Research and development business;
(q) Advertising business;
(r) Other scientific and technical services;
(s) Packaging and charging business;
(t) Specialized design business;
(u) Creation and art-related service business (excluding individual artists);
(v) Outsourced manufacturing business by the original equipment manufacturer (OEM) method prescribed by Presidential Decree;
(w) Engineering business;
(x) Logistics industry;
(y) Business operating a private institute for vocational skills under the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons, or business operating a vocational skill development training establishment under the National Lifelong Vocational Skills Development Act (limited to where the main business is vocational skill development training);
(z) Business operating a motor vehicle maintenance factory prescribed by Presidential Decree;
(za) Ship management business under the Marine Transportation Act;
(zb) Business operating a medical institution under the Medical Service Act (only applicable to a clinic, a dental clinic, and an oriental medical clinic, if the ratio of the costs of health care benefits paid under Article 47 of the National Health Insurance Act to the total amount of its income for the relevant taxable year (referring to turnover calculated according to the corporate accounting standards), is at least 80/100, and its global income for the relevant taxable year does not exceed 100 million won; hereafter in this Article, referred to as "medical service business ");
(zc) Tourist business under the Tourism Promotion Act (excluding casinos, tourist amusement restaurants, and foreigner-only amusement restaurants);
(zd) Business operating welfare facilities for elderly persons under the Welfare of Senior Citizens Act;
(ze) Exhibition industry provided for in the Act on the Development of Exhibition Industry;
(zf) Human resource supply and employment arrangement services (including service supplying farm workers);

(zg) Call center and tele-marketing business;

(zh) Business engaged in by an enterprise specialized in energy saving under Article 25 of the Energy Use Rationalization Act;

(zi) Business operating a domiciliary long-term care institution under Article 31 of the Long-Term Care Insurance Act;

(zj) Cleaning services for building and industrial facilities;

(zk) Security and guard services;

(zl) Market research and opinion survey business;

zm) Social welfare services;

(zn) Business leasing intangible property rights (limited to leasing intellectual property defined in subparagraph 1 of Article 3 of the Framework Act on Intellectual Property);

(zo) Industry defined in subparagraph 1 (b) of Article 2 of the Research Industry Promotion Act;

(zp) Individual nursing or other similar services, a social educational facility, a vocational training center, or any other technical and vocational training institute, a library, a historic site, or similar leisure-related service services (excluding business operating reading rooms);

(zq) Housing rental and management business under the Special Act on Private Rental Housing;

(zr) Business generating new and renewable energy under the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy;

(zs) Security system services;

(zt) Forestry;

(zu) Customs agency and related services;

(zv) Motor vehicle leasing business (limited to motor vehicle leasing business defined in Article 31 (1) of the Passenger Transport Service Act at least 50/100 of whose automobiles registered pursuant to Article 28 of that Act are electric vehicles defined in subparagraph 3 of Article 2 of Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles or hydrogen electric vehicles defined in subparagraph 6 of that Article);

2. Tax reduction rates; provided, in cases of a place of business where the business specified in subparagraph 1 (zu) is operated, the rate shall be determined by multiplying the tax reduction rate specified in item (b), (c) or (f) by 50/100, notwithstanding item (b), (c) or (f):

(a) A place of business where a small enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "small enterprise"), engages in wholesale business, retail business, or medical services (hereafter in this Article, referred to as "wholesale business, etc."): 10/100;

(b) A place of business where a small enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in the Seoul Metropolitan area: 20/100;

(c) A place of business where a small enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in an area

outside the Seoul Metropolitan area: 30/100;

(d) A place of business where a medium enterprise (hereafter in this Article, referred to as "medium enterprise") other than small enterprises, engages in wholesale business, etc. in an area outside the Seoul Metropolitan area: 5/100;

(e) Deleted; *<Dec. 31, 2022>*

(f) A place of business where a medium enterprise engages in any type of business eligible for tax reduction or exemption specified in subparagraph 1, excluding wholesale business, etc., in an area outside the Seoul Metropolitan area: 15/100;

3. Maximum reduction: The amount classified as follows:

(a) Where the number of full-time employees in the relevant taxable year falls below the number of full-time employees in the immediately preceding taxable year: An amount calculated by subtracting five million won per each full-time employee decreased, from 100 million won (if the relevant amount is a negative figure, it shall be deemed nil);

(b) In other cases: 100 million won.

(2) For the purposes of paragraph (1), if a small or medium enterprise meets each of the following requirements, the tax reduction rate calculated by multiplying the tax reduction rate prescribed in paragraph (1) 2 by 110/100 shall apply to the small or medium enterprise, notwithstanding paragraph (1) 2: *<Amended on Dec. 20, 2016; Dec. 31, 2022>*

1. That the enterprise has engaged in the relevant type of business for at least ten consecutive years as at the first date the relevant taxable year commences;
2. That its global income for the relevant taxable year does not exceed 100 million won;
3. That it shall be a compliant business operator defined in Article 59-4 (9) of the Income Tax Act and shall meet each of the requirements provided for in Article 122-3 (1) 1, 2, and 4.

(3) Notwithstanding paragraphs (1) and (2), if a small or medium enterprise engages in the petroleum retail business prescribed by Presidential Decree, among the petroleum retail business defined in the Petroleum and Alternative Fuel Business Act, and meet all requirements for tax reduction under each item of subparagraph 1, the small or medium enterprise is entitled to tax reduction by the equivalent to the tax amount calculated by multiplying the amount of income tax or corporate tax leviable on the income accrued from the petroleum retail business by December 31, 2023 by the tax reduction rate specified in subparagraph 2 (limited to the amount specified in each item of paragraph (1) 3). *<Added on Dec. 31, 2022>*

1. Requirements of tax reduction:

(a) The small or medium enterprise shall enter into a contract for the supply of petroleum products (referring to petroleum products defined in the Petroleum and Petroleum Alternative Fuel Business Act; hereafter in this subparagraph the same shall apply) with the Korea National Oil Corporation established under the Korea National Oil Corporation Act for the first time during the period from January 1, 2022 to December 31, 2022;

(b) Its purchases of petroleum products in each quarter during the term of the petroleum product supply contract under item (a) from the Korea National Oil Corporation established under the Korea National Oil Corporation Act are at least 50/100 of its sales of petroleum products in the same quarter;

(c) It shall use the trademark "Altteul Oil" in engaging the business;

2. Tax reduction rate:

(a) For a place of business operated by a small enterprise: 20/100;

(b) For a place of business operated by a medium enterprise in any area outside the Seoul Metropolitan area: 15/100;

(c) For a place of business operated by a medium enterprise in the Seoul Metropolitan area: 10/100

(4) Any national who intends to be granted a tax reduction or exemption pursuant to paragraphs (1) through (3) shall file an application therefor, as prescribed by Presidential Decree. *<Added on Jan. 1, 2013; Dec. 20, 2016; Dec. 29, 2020; Dec. 31, 2022>*

(5) For the purposes of paragraphs (1) and (3), the scope of full-time employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

Article 7-2 (Tax Credit to Improve Corporate Payment System including Negotiable Instruments)

(1) Where the amount (hereafter in this Article referred to as "payment amount including bill of exchange, etc.") falling under any of the following subparagraphs is included in the purchase price (including the purchase price that is paid by any national who runs his or her enterprise that is not a small or medium enterprise to any other small or medium enterprise in use of the network loan system; hereafter the same shall apply in this Article) that is paid by any national who runs the small or medium enterprise to any other small or medium enterprise on or before December 31, 2013, an amount that is computed in accordance with paragraph (2) shall be deducted from the income tax (limited to the income tax on the income accruing from the business) or the corporate tax; provided, if the deductible amount is in excess of 10/100 of the income tax or the corporate tax for the relevant taxable year, the ceiling of such deductible amount shall be 10/100: *<Amended on Dec. 27, 2010>*

1. Amount settled by bill of exchange or a written request for the collection of proceeds from sale;

2. Amount spent by an exclusive-use card for corporate purchase, on which an agreement is concluded to the effect that the time limit for the payment of purchase price to the selling enterprise is within 60 days from the date on which a tax invoice, an account statement, a receipt, etc. under the Value-Added Tax Act, the Income Tax Act and the Corporate Tax Act (hereafter referred to as "tax invoice, etc." in this Article) on the relevant transaction are prepared and a credit card business operator is not entitled to exercise the right of recourse against the selling enterprise;

3. Amount paid by making use of the account receivable collateral loan system, on which an agreement is concluded to the effect that the time limit for repayment of loans extended to the purchasing

enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution cannot exercise the right of recourse against the selling enterprise;

4. Amount paid by making use of the purchase loan system, on which an agreement is concluded to the effect that the time limit for the price settlement by the purchasing enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution cannot exercise the right of recourse against the selling enterprise;

5. Amount (limited to the amount loaned to the selling enterprise) paid by making use of the network loan system, on which an agreement is concluded to the effect that the time limit for the price settlement by the purchasing enterprise is within 60 days from the date on which the tax invoice, etc. are prepared and the relevant financial institution exercises the right of recourse against the selling enterprise prior to the date on which the tax invoice, etc. are prepared and the relevant financial institution exercises the right of recourse against the purchasing enterprise after the date on which the tax invoice, etc. are prepared.

(2) The amount that is deductible pursuant to paragraph (1) shall be an amount obtained by adding the amount referred to in subparagraph 1 to the amount referred to in subparagraph 2 (if the relevant amount is a negative figure, such amount shall be deemed zero):

1. *[Payment amount including bill of exchange, etc. for which the payment deadline, the repayment deadline or the time limit for the price settlement is within 30 days from the date on which the tax invoice, etc. are prepared amount of promissory note that is settled to pay the purchase price (referring to an amount that is smaller than or the same as the payment amount including bill of exchange, etc., for which the payment deadline, the repayment deadline or the time limit for the price settlement is within 30 days from the date on which the tax invoice, etc. are prepared)]× 5/1000 (4/1000 in cases of purchase price paid to small or medium enterprises by nationals who operate an enterprise which is not small or medium enterprises by making use of network loan system);*

2. (Payment amount including bill of exchange, etc. for which the payment deadline, the repayment deadline or the time limit for the price settlement is longer than 30 days but shorter than 60 days from the date on which the tax invoice, etc. are prepared amount of promissory note that is settled to pay the purchase price (referring to an amount that remains after being subtracted in subparagraph 1))× 15/10000.

(3) The definitions of terms used in paragraphs (1) and (2) shall be as follows:

1. The term "purchase price" means the amount paid by a purchasing enterprise for the goods supplied or the services provided by a selling enterprise in connection with its ordinary business activities consistent with its business objectives;

2. The term "sale proceeds" means the amount received by a selling enterprise for the goods supplied or the services provided to a purchasing enterprise in connection with its ordinary business activities consistent with its business objectives;

3. The term "bill of exchange" means a bill issued, in the form of payable at sight, by a selling enterprise for getting the sale proceeds paid, by designating the purchasing enterprise as the drawee and

the sale proceeds as the payable amount, pursuant to the terms and forms set forth by the Governor of the Bank of Korea in connection with the loans for financing business purchases;

4. The term "written request for collection of sale proceeds" means a document prepared in electronic forms and transmitted by a selling enterprise to his or her bank for getting the sale proceeds paid pursuant to the terms and forms set forth by the Governor of the Bank of Korea in connection with the loans for financing business purchases;

5. The term "exclusive-use card for business purchase" means a credit card or debit card received by a purchasing enterprise from a credit card company under the Specialized Credit Finance Business Act in order to pay the purchase price, which is not usable at any general credit card member shops and is issued for the only purpose of paying the purchase price to the relevant selling enterprise under the contract among the purchasing enterprise, the selling enterprise and the credit card company;

6. The term "account receivable loan" means a loan in which a selling enterprise pledges accounts receivable owed by a purchasing enterprise as collateral and obtains a loan from a financial institution, and the purchasing enterprise pays back such loan owed by the selling enterprise to the financial institution, which is executed in accordance with the terms and conditions determined by the Governor of the Bank of Korea;

7. The term "purchase loan system" means the settlement method by which any purchasing enterprise enters into a loan ceiling agreement with any financial institution under which such purchasing enterprise settles the purchase price for selling enterprises using the amount of loans extended by such financial institution by making use of the data processing system and the purchasing enterprise repays loans to the financial institution on or before the date of maturity;

8. The term "network loan system" means the settlement method by which any selling enterprise enters into a loan ceiling agreement with any financial institution and such selling enterprise gets loans from such financial institution based on the order book of the purchasing enterprise and the purchasing enterprise repays loans to such financial institution by means of electronic settlement.

(4) A national who desires to be eligible for the application of paragraphs (1) and (2) shall file an application for tax credit, as prescribed by Presidential Decree.

(5) Necessary matters concerning order books and the procedures for furnishing information pertaining to loans, etc. among purchasing enterprises, financial institutions and selling enterprises in the application of paragraph (1) 5 shall be prescribed by Presidential Decree.

Article 7-3 Deleted. *<Dec. 30, 2003>*

Article 7-4 (Tax Credits on Payments Settled through Mutually Beneficial Payment System)

(1) Where a national who operates a small or medium enterprise or a middle-standing enterprise prescribed by Presidential Decree (hereinafter except in Article 10, referred to as "middle-standing enterprise") pays any purchase price (referring to a purchase price defined in Article 7-2 (3) 1; hereafter in

this Article, the same shall apply) to any other small or medium enterprise or middle-standing enterprise through the mutually beneficial payment system prescribed by Presidential Decree (hereafter in this Article, referred to as the "mutually beneficial payment system") by December 31, 2025 and the ratio of the amount paid by promissory notes to the purchase prices paid during the relevant taxable year does not exceed such ratio for the immediately preceding taxable year, the national is eligible for tax credits calculated by the formula prescribed in paragraph (2) from the income tax (limited to the income tax on business income (excluding the income accrued from the real estate leasing business specified in Article 45 (2) of the Income Tax Act; hereinafter except in Articles 122-3, 126-2. 126-6, and 132, the same shall apply) or corporate tax; provided, the maximum tax credit shall be 10/100 of the income tax or corporate tax, if the tax credit so calculated exceeds 10/100 of the income tax or corporate tax for the relevant taxable year: *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022>*

1. Deleted; *<Dec. 28, 2021>*
2. Deleted. *<Dec. 28, 2021>*

(2) The amount of tax credits granted under paragraph (1) shall be the aggregate of the following amounts (if any of the amounts is less than 0, it shall be deemed 0): *<Amended on Dec. 28, 2021>*

1. The amount paid through the mutually beneficial payment system and calculated by the following formula for the amount paid within the payment deadline of not more than 15 days from the issue date of the tax invoice, etc. (referring to the tax invoice, etc. referred to in Article 7-2 (1) 2; hereafter in this Article, the same shall apply):

(A - B) × 5/1000

A: The amount paid within the payment deadline of not more than 15 days,
among the amount paid through the mutually beneficial payment system
B: The excess amount, where the amount of cash equivalents prescribed by Presidential Decree
and paid during the immediately preceding taxable year exceeds
the amount of cash equivalents for the relevant taxable year.

2. The amount paid through the mutually beneficial payment system and calculated by the following formula for the amount paid within the payment deadline of more than 15 days but not more than 30 days from the issue date of the tax invoice, etc.:

(C ? D) × 3/1000

C: The amount paid within the payment deadline of more than 15 days but not more than 30 days among the amount paid through the mutually beneficial payment system

D: The excess amount, where B in subparagraph 1 exceeds A

3. The amount paid through the mutually beneficial payment system and calculated by the following formula for the amount paid within the payment deadline of more than 30 days but not more than 60 days from the issue date of the tax invoice, etc.:

(E - F) × × 15/10000

E: The amount paid within the payment deadline of more than 30 days but not more than 60 days among the amount paid through the mutually beneficial payment system

F: The excess amount, where D in subparagraph 2 exceeds C.

(3) Any national who intends to obtain tax credits under paragraphs (1) and (2) shall file an application therefor, as prescribed by Presidential Decree.

Article 8 (Special Cases, etc. of Inclusion in Deductible Expenses for Small or Medium Enterprise Support Facilities)

(1) Where a national donates a facility prescribed by Presidential Decree including an automation facility, which has been used for his or her own business, to a small or medium enterprise or transfers such facility at any price lower than its fair market price under Article 52 (2) of the Corporate Tax Act (hereafter referred to as "market price" in this Article) on or before December 31, 2012, the amount of the following subparagraphs shall be included in his or her deductible expenses, in calculating his or her income for the relevant taxable year:

1. If he or she donates such facility: The market price of the facility donated;

2. If he or she transfers such facility at any price lower than the market price: The value calculated by subtracting the transfer price from the market price of the asset transferred (or the book value, if the market price is lower than the book value).

(2) The amount equivalent to the value of a facility donated to a small or medium enterprise under paragraph (1) may be included in deductible expenses, applying Article 32 of the Income Tax Act and Article 36 of the Corporate Tax Act mutatis mutandis.

(3) The requirements for small or medium enterprises subject to the application of paragraphs (1) and (2) and other necessary matters shall be prescribed by Presidential Decree.

Article 8-2 (Exclusion from Gross Income of Income Dividend Received from Small or Medium Enterprises in Collaborative Cooperation)

The amount of income dividend (limited to that received by stocks with no voting right) which a domestic corporation has received as a result of investment in small or medium enterprises in collaborative cooperation under Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small-Medium Enterprises by December 31, 2013 shall not be included in the gross income when calculating the amount of income in each business year. *<Amended on Dec. 27, 2010>*

Article 8-3 (Tax Credits for Contributions to Funds for Mutually Beneficial Cooperation)

(1) Where a domestic corporation makes any of the following contributions for collaborative cooperation, defined in subparagraph 3 of Article 2 of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises, or subparagraph 19 of Article 2 of the Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements, by December 31, 2025, the domestic corporation is entitled to deduct the equivalent to 10/100 of the relevant contribution from corporate tax for the business year, in which such contribution is made; provided, such domestic corporation is ineligible to claim a deduction if it uses such contribution to support any of the related parties prescribed by Presidential Decree: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Mar. 29, 2016; Dec. 20, 2016; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022>*

1. A contribution to the Korea Credit Guarantee Fund incorporated under the Korea Credit Guarantee Fund Act (hereafter in this Article, referred to as the "Credit Guarantee Fund") or the Korea Technology Finance Corporation incorporated under the Korea Technology Finance Corporation Act (hereafter in this Article, referred to as the "Korea Technology Finance Corporation") for the purposes of providing guarantee or loans to a small or medium enterprise prescribed by Presidential Decree, such as a commissioned enterprise defined in subparagraph 6 of Article 2 of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises (hereafter in this Article, referred to as "small or medium enterprises requiring cooperation");
2. A contribution to the Foundation for the Cooperation of Large, Small and Medium Enterprises, Agriculture and Fisheries incorporated under the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises (including the Agricultural and Fishing Villages Collaborative Cooperation Fund incorporated under the Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements; hereafter in this Article, referred to as the "Cooperation Foundation");
3. A contribution to an intra-company labor welfare fund established by a small or medium enterprise defined in subparagraph 1 of Article 2 of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises (hereafter in this paragraph, referred to as "small or medium enterprise requiring mutually beneficial cooperation") pursuant to Article 50 of the Framework Act on Labor Welfare or a contribution to a joint labor welfare fund established jointly by

small and medium enterprises requiring mutually beneficial cooperation pursuant to Article 86-2 of the Framework Act on Labor Welfare;

4. A contribution to the mutual aid fund established pursuant to Article 106 (8) of the Small and Medium Enterprise Cooperatives Act.

(2) Where a domestic corporation gratuitously leases any of the tangible fixed assets prescribed by Presidential Decree to a small or medium enterprise requiring cooperation by December 31, 2025, as prescribed by Presidential Decree, to assist the small or medium enterprise requiring cooperation (excluding where the small or medium enterprise requiring cooperation is any of the related parties prescribed by Presidential Decree of the domestic corporation), the domestic corporation is entitled to deduct the equivalent to 3/100 of the book value of the tangible fixed asset from corporate tax for the business year in which it starts leasing the tangible fixed asset gratuitously, as prescribed by Presidential Decree. *<Added on Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

(3) Where a national makes an investment (excluding any investment in secondhand facilities and investment by lease prescribed by Presidential Decree) in any facility prescribed by Presidential Decree to be installed at a commissioned enterprise, which is the counterparty to a transaction effected on consignment and commission under the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises (excluding cases where the national gratuitously leases any facility pursuant to paragraph (2)), by no later than December 31, 2025, the national is entitled to deduct the equivalent to 1/100 (or 3/100 in cases of a middle-standing enterprise, and 7/100 in cases of a small or medium enterprise) of the amount of investment from the income tax (limited to income tax on business income) or corporate tax. In such cases, Article 24 (1), (2) and (5) shall apply mutatis mutandis to the methods for granting tax credits. *<Added on Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022>*

(4) Where a domestic corporation gratuitously donates any asset prescribed by Presidential Decree, such as a facility for research and experiment, among assets used for its business, to a university or college referred to in subparagraph 1 of Article 2 of the Higher Education Act or any other educational institution prescribed by Presidential Decree, the amount equivalent to 10/100 of the market price of the donated asset, as determined under Article 52 (2) of the Corporate Tax Act, shall be deducted from the corporate tax. In such cases, matters necessary for tax credits for donated assets shall be prescribed by Presidential Decree. *<Added on Dec. 31, 2022>*

(5) Where the Credit Guarantee Fund Korea, the Korea Technology Finance, the Cooperation Foundation, an intra-company labor welfare fund, or a joint labor welfare fund accounts for a contribution entitled to a tax credit under paragraph (1), it shall separate the contributed fund from other funds for the purposes of accounting. *<Amended on Mar. 29, 2016; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Dec. 31, 2022>*

(6) Where the Credit Guarantee Fund Korea or the Korea Technology Finance uses contributions, it has received under paragraph (1) for any purpose other than those set forth in that paragraph, it shall pay the equivalent of the tax credit the domestic corporation has received under paragraph (1), as corporate tax,

when it files a tax return of the relevant business year. *<Amended on Mar. 29, 2016; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2022>*

(7) Where a domestic corporation ceases to gratuitously lease the tangible fixed asset within five years after it starts leasing it gratuitously under paragraph (2), it shall pay the equivalent of the tax credit it has received under paragraph (2), as corporate tax, when it files a tax return of the relevant business year. *<Added on Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2022>*

(8) A domestic corporation who intends to be granted a tax credit pursuant to paragraphs (1) through (4) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2022>*

Article 8-4 (Special Cases of Tax Refund following Retroactive Deduction of Losses of Small or Medium Enterprise)

If a national who is identified as a small or medium enterprise incurs a loss defined in Article 19 (2) of the Income Tax Act or Article 14 (2) of the Corporate Tax Act in the taxable year ending on December 31, 2021, the national may apply for a refund of an amount calculated as prescribed by Presidential Decree, up to the amount of income tax or corporate tax imposed on the income for the immediately preceding two taxable years (limited to business income of the small or medium enterprise if it is a resident), notwithstanding Article 85-2 of the Income Tax Act or Article 72 of the Corporate Tax Act.

SECTION 2 Special Taxation for Research and Human Resources Development

Article 9 Deleted. *<Dec. 31, 2019>*

Article 10 (Tax Credits for Research and Human Resources Development Expenses)

(1) Where a national incurs the expenses specified by Presidential Decree, among expenses for research and development and human resources development, the aggregate of the following amounts shall be deducted from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year. In such cases, subparagraphs 1 and 2 shall apply only to relevant expenses for research and development and human resources development, incurred until December 31, 2027, but if a taxpayer is eligible for the tax credit under both subparagraph 1 and subparagraph 2, the taxpayer has the option to be granted the tax credit under only one of the subparagraphs. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Apr. 11, 2023; Dec. 31, 2023; Dec. 31, 2024>*

1. With regard to the research and development expenses incurred in acquiring technologies specified by Presidential Decree (herenafter referred to as "new growth or source technologies"), as recognized as those that need support in consideration of prospectiveness in the future, industrial competitiveness, etc. (hereafter kin this Article referred to as "research and development expenses for new growth or source

technologies", among research and human resources development expenses, an amount calculated by multiplying the research and development expenses incurred for new growth or source technologies during the relevant taxable year by the rate calculated by aggregating the rate referred to in item (a) and the rate referred to in item (b):

(a) Rate by type of enterprise;

(b) A rate calculated by multiplying the ratio of research and development expenses incurred for new growth engines or source technologies to the revenue accrued during the relevant taxable year (referring to sales calculated according to the corporate accounting standards under Article 43 of the Corporate Tax Act) by the specific multiplying factor prescribed by Presidential Decree; provided, the maximum rate shall be 10/100;

2. With regard to research and development expenses incurred to obtain technologies prescribed by Presidential Decree as those related to semiconductors, secondary batteries, vaccines, displays, hydrogen, future mobile vehicles, biopharmaceuticals, and other technologies related to the fields prescribed by Presidential Decree, which are recognized as technologies with strategic importance in terms of national security and have a significant impact on the overall national economy, (hereafter in this Article, referred to as "national strategic technologies"), among research and human resources development expenses, (hereafter in this Article, referred to as "research and development expenses for national strategic technologies"), an amount calculated by multiplying the research and development expenses for national strategic technologies incurred in the relevant taxable year by the aggregate of the rate of item (a) and item (b):

(a) Rate by type of enterprise;

1) In cases of a small or medium enterprise: 40/100;

(b) A rate calculated by multiplying the ratio of the research and development expenses for national strategic technologies to the income of the relevant taxable year by a multiplier prescribed by Presidential Decree (if the rate exceeds 10/100, it shall be deemed 10/100).

3. With regard to research and human resources development expenses (hereafter in this Article, referred to as "general research and human resources development expenses") not specified in subparagraph 1 or 2, or incurred by a national who does not select subparagraph 1 or 2, either of the following amounts that the national selects; provided, an amount referred to in item (b) where no general research and human resources developments expenses incur for the four years retroactively from the date the relevant taxable year commences, or where the amount of general research and human resources developments expenses incurred in the immediately preceding taxable year is less than the annual average of general research and human resources development expenses incurred for the four preceding years retroactively from the date the relevant taxable year commences:

(a) Where the general research and human resources development expenses incurred in the relevant taxable year, exceed the general research and human resources development expenses incurred in the immediately preceding taxable year, the equivalent to 25/100 of such excess (or 40/100 in cases of a

middle-standing enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "middle-standing enterprise"); and 50/100 in cases of a small or medium enterprise);

(b) An amount calculated by multiplying the general research and human resources development expenses incurred in the relevant taxable year, by the rate classified as follows:

The ratio of the general research and human resources development expenses to the revenue for the relevant taxable year × 1/2

(2) The classification and calculation of the annual average of the general research and human resources development expenses incurred in the immediately preceding year, as referred to in paragraph (1) 3, and other necessary matters, shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2022>*

(3) Any national who intends to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) Any national who intends to be granted a tax credit pursuant to paragraph (1) 1 or 2 shall separate the account for general research and human resources development expense, the account for research and development expenses incurred for new growth engines and source technologies, and the account for research and development expenses for national strategic technologies from one another, as prescribed by Presidential Decree. *<Amended on Dec. 20, 2016; Dec. 31. 2019; Jun. 9, 2020; Dec. 28, 2021>*

(5) For the purposes of paragraph (1), an amount not associated with any field of science and technology, among expenses incurred in activities for developing a service and service delivery system, shall be limited to those incurred in internal research and development. *<Added on Dec. 31, 2019; Dec. 28, 2021>*

(6) If research and development expenses for internal research and development fails to be recognized as research and development on any ground prescribed by Presidential Decree. such as the cases referred to in subparagraphs of Article 14-3 of the Basic Research Promotion and Technology Development Support Act, no tax credit under paragraph (1) shall apply to the expenses incurred after the date prescribed by Presidential Decree. *<Added on Dec. 31, 2019; Dec. 28, 2021>*

Article 10-2 (Special Taxation on Contributions, etc. Related to Research and Development)

(1) Where a national receives assets such as contributions for the purpose of research and development, etc. (hereafter referred to as "research and development contributions, etc." in this Article) from the State, a local government, a public institution under the Act on the Management of Public Institutions, or a local public enterprise under the Local Public Enterprises by December 31, 2026, in which cases the relevant research and development contributions, etc. are separately accounted by methods prescribed by Presidential Decree, an amount equivalent to the research and development contributions, etc. may not be included in gross income when calculating the amount of income for the relevant taxable year. *<Amended on Mar. 9, 2011; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2018; Dec. 31, 2021; Dec. 31, 2023; Dec. 31, 2024>*

(2) The amount excluded from gross income pursuant to paragraph (1) shall be included therein by the following methods:

1. Where the research and development contribution, etc. is disbursed to meet the research and development expenses concerned: Including an amount equivalent to the disbursed amount in gross income, for the purposes of calculating the amount of income for the taxable year, in which the date of such disbursement falls;

2. Where the research and development contribution, etc. is disbursed to acquire an asset used for the research and development concerned: Including an amount equivalent to the disbursed amount in gross income in a manner prescribed by Presidential Decree.

(3) Where a national who has excluded an amount equivalent to the research and development contribution, etc. from gross income pursuant to paragraph (1) misappropriates the research and development contribution, etc. or discontinues his or her business or is dissolved before fully disbursing the research and development contribution, etc. for the research and development, the remaining amount shall be included in gross income, for the purposes of calculating the amount of income for the taxable year during which such cause occurs; provided, the same shall not apply where a corporation, etc. that is newly incorporated through a merger or division succeeds to the amount, and such amount shall be deemed excluded by said corporation, etc. from gross income pursuant to paragraph (1).

(4) The latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in gross income pursuant to paragraph (3).

(5) For the purposes of paragraphs (1) through (4), the submission of the statements of research and development contribution, etc. excluded from gross income and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

Article 11 Deleted. *<Dec. 24, 2018>*

Article 12 (Special Taxation for Transfer and Acquisition of Technology)

(1) Where a small or medium enterprise or a middle-standing enterprise transfers a patent, utility model right, technical knowhow, or technology obtained as a result of its own research and development, as prescribed by Presidential Decree (hereafter in this Article, referred to as "patent, etc."), to a national (excluding transferring a patent, etc. to any of the related parties prescribed by Presidential Decree), by no later than December 31, 2026, such enterprise is entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax on the income accrued from the transfer. *<Added on Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020; Dec. 28. 2021; Dec. 31, 2023>*

(2) Where a national acquires a patent, etc. from another national who holds the patent, etc. prescribed by Presidential Decree obtained as a result of his or her own research and development (excluding acquiring a patent, etc. from any of the related parties prescribed by Presidential Decree) by no later than December 31, 2018, such national is entitled to deduct an amount calculated by multiplying the acquisition cost by the rate classified as follows, from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year. In such cases, the maximum deductible shall not exceed 10/100 of the

income tax or corporate tax for the relevant taxable year: *<Amended on Jan. 1, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 20, 2016>*

1. Where the acquirer is a small or medium enterprise: 10/100;
2. Where the acquirer is not a small or medium enterprise: 5/100 (only applicable to where the national acquires a patent, etc. from a small or medium enterprise).

(3) Where a small or medium enterprise or a middle-standing enterprise grants a license for a patent, etc. prescribed by Presidential Decree, obtained as a result of its own research and development, by no later than December 31, 2026 (excluding granting a license to any of the related parties prescribed by Presidential Decree), such enterprise is entitled to an income or corporate tax reduction by the equivalent to 25/100 of the income tax or corporate tax levied on the income accrued from the grant of such license. *<Added on Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(4) For the purposes of paragraph (1) or (3), if any loss has incurred on a patent, etc., in the relevant taxable year or in the four immediately preceding taxable years, the relevant amount of loss shall be deducted from the income when calculating the income accrued from transferring or lending a patent, etc.. *<Added on Dec. 19, 2017>*

(5) Any national who intends to be granted a tax reduction, exemption, or credit pursuant to paragraphs (1) through (3) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2010; Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017>*

Article 12-2 (Reduction or Exemption of Corporate Tax for High-Tech Enterprises that Occupy Special Research and Development Zones)

(1) Where any of the following enterprises that occupy a special research and development zone defined in subparagraph 1 of Article 2 of the Special Act on Promotion of Special Research and Development Zones, engages in a business prescribed by Presidential Decree, such as the biotech industry or the information and communications industry (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") at the place of business (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption") located in the special research and development zone, the reduction or exemption of income tax or corporate tax shall be granted, as prescribed in paragraphs (2) through (8): *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 26, 2012; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. A high-tech enterprise designated by no later than December 31, 2025 pursuant to Article 9 (1) of the Special Act on Promotion of Special Research and Development Zones;
2. A research-based spin-off company registered by no later than December 31, 2025 pursuant to Article 9-3 (2) of the Special Act on Promotion of Special Research and Development Zones.

(2) Where an enterprise which meets the conditions specified in paragraph (1), has income generated from a business eligible for tax reduction or exemption, the enterprise is entitled to a tax reduction by the equivalent to 100/100 of the income tax or corporate tax for the three subsequent taxable years from the

commencement date of the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of designation or registration, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter; provided, if any event prescribed by Presidential Decree occurs, such as the revocation of designation or registration under paragraph (1) 1 or 2, no tax reduction shall apply to the taxable year in which such event occurs and thereafter. *<Amended on Dec. 31, 2011; Dec. 1, 2013; Dec. 31, 2022>*

(3) The total amount of the income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"): *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 15 million won (or 20 million won in cases of a full-time youth employee, and of a full-time employee of a place of business that engages in service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));
3. Deleted; *<Dec. 24, 2018>*

(4) For the purposes of applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in subparagraph (3) 2 shall be applied. *<Added on Dec. 27, 2010>*

(5) Where the number of full-time employees at a place of business eligible for tax reduction or exemption each year during the period until the end of the taxable year falling on the second anniversary from the end of the taxable year in which a tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year, in which a tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(6) For the purposes of paragraphs (3) through (5), the scopes of full-time employees and full-time youth employees; methods for calculating the number of full-time employees; and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(7) If an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (2) falls under any of the following subparagraphs, it shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax when it files a tax return for the taxable year in which the relevant event occurred: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a

consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;

2. Where the enterprise relocated the place of business granted a tax reduction or exemption to any area outside a special research and development zone defined in subparagraph 1 of Article 2 of the Special Act on Promotion of Special Research and Development Zones.

(8) An enterprise who is obliged to pay income tax or corporate tax under paragraph (7) shall pay an amount equivalent to the interest calculated as prescribed by Presidential Decree in addition to the income tax or corporate tax, and such tax amount shall be deemed payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act. *<Added on Dec. 28, 2021>*

(9) Any person who wishes to be granted a tax credit under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Dec. 28, 2021>*

(10) An enterprise to which the ceiling on a service business applies under paragraph (3) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021>*

Article 12-3 (Tax Credits for Technological Innovation-Oriented Mergers)

(1) Where a domestic corporation merges with a technological innovation-oriented small or medium enterprise prescribed by Presidential Decree (excluding a merger with a related party prescribed by Presidential Decree) by December 31, 2024, upon fully satisfying the following conditions, the equivalent to 10/100 of the technical value prescribed by Presidential Decree, among the transfer value paid by the merging corporation to the merged corporation (hereafter in this Article, referred to as "transfer value") shall be deducted from the corporate tax of the relevant business year: *<Amended on Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021>*

1. That the merger shall be conducted between domestic corporations, each of which has continued its business for at least one year as at the date the merger is registered;

2. That the transfer value shall be at least 130/100 of the net asset value of the merged corporation as at the date the merger is registered;

3. That the stockholders or investors of the merged corporation prescribed by Presidential Decree (hereafter in this Article, referred to as "stockholders, etc.") shall not be controlling stockholders, etc. of the merging corporation from the date the merger is registered by the end of the business year in which the merger is registered;

4. That the merging corporation shall continue the business to which it succeeds from the merged corporation until the end of the business year in which the merger is registered.

(2) Where any of the following events occurs in relation to a domestic corporation granted a deduction of corporate tax under paragraph (1) during the period prescribed by Presidential Decree not exceeding three years, the domestic corporation shall pay the amount of tax deducted under paragraph (1) plus the amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, as corporate tax,

when filing its tax return for the business year in which the relevant event occurs:

1. Where the stockholders, etc. of the merged corporation prescribed by Presidential Decree, become controlling stockholders, etc. of the merging corporation;

2. Where the merging corporation discontinues the business to which it succeeds from the merged corporation.

(3) For the purposes of paragraph (1) 4 or (2) 2, in extenuating circumstances prescribed by Presidential Decree, the merging corporation shall be deemed to continue the business to which it succeeds from the merged corporation.

(4) Calculation of the transfer value and the net assets value of a merged corporation, calculation of the total price for the merger, the scope of controlling stockholders, etc., criteria for determining whether a merging corporation continues or discontinues the business to which it succeeds under paragraphs (1) and (2), and other necessary matters shall be prescribed by Presidential Decree.

(5) Any domestic corporation that wishes to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 12-4 (Tax Credits for Acquisition of Technological Innovation-Oriented Stocks)

(1) Where a domestic corporation (hereafter in this Article, referred to as "acquiring corporation") acquires (excluding acquiring stocks, etc. from a related party prescribed by Presidential Decree) stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") of a technological innovation-oriented small or medium enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "acquired corporation"), by December 31, 2027, upon fully satisfying the following conditions, the equivalent to 5/100 of the technical value prescribed by Presidential Decree among the purchase value shall be deducted from the corporate tax of the relevant business year in which the acquired stocks, etc. exceed the standard equity ratio under subparagraph 2 for the first time (hereafter referred to as "business year that meets the standards" in this Article): *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

1. That the acquisition shall be made between domestic corporations, each of which has continued its business for at least one year as at the date the acquiring corporation first acquires the stocks, etc. of the acquired corporation (hereafter in this Article, referred to as "date of first acquisition");

2. That the stocks, etc. acquired by the acquiring corporation until the end day of the business year in which the second anniversary from the first acquisition date falls shall exceed 50/100 of the total number of outstanding stocks or equity shares of the acquired corporation as at the end of the relevant business year (or 30/100 if the acquiring corporation is the largest investor in the acquired corporation with de facto control over the management of the acquired corporation; hereafter in this Article, referred to as "standard stockholding ratio"), and the acquiring corporation shall hold such stocks, etc. until the end date of the business year that meets the standards;

3. That the purchase price of the stocks, etc. acquired by the acquiring corporation from the date of first acquisition to the end date of the business year meeting the standards shall be at least the amount calculated by multiplying the amount of item (a) by the rate of item (b):

(a) Amount equivalent to 130/100 of the net asset value of the acquired corporation in the business year of meeting the standards;

(b) The ratio of stocks, etc. acquired from the date of first acquisition to the end date of the business year meeting the standards to the total number of outstanding stocks or equity shares of the acquired corporation as at the end of the business year meeting the standards (hereafter in this Article, referred to as "initial stockholding ratio");

4. That the stockholders or investors of the acquired corporation prescribed by Presidential Decree (hereafter in this Article, referred to as "stockholders, etc.") shall not be controlling stockholders, etc. of the acquiring corporation or the acquired corporation as at the end date of the business year meeting the standards;

5. That the acquired corporation shall continue the business in which it has been engaged until the end date of the business year meeting the standards.

(2) Where any of the following events occurs in relation to a domestic corporation granted a deduction of corporate tax under paragraph (1) during the period prescribed by Presidential Decree not exceeding five years, the domestic corporation shall pay, as corporate tax, the aggregate of the amount of tax deducted pursuant to paragraph (1) [(in cases falling under subparagraph 3, where the stockholding ratio of the acquiring corporation in the acquired corporation (hereafter in this paragraph, referred to as "current stockholding ratio") as at the end of each business year exceeds the standard stockholding ratio, referring to an amount calculated by multiplying the tax amount deducted under paragraph (1) (excluding the amount of tax credit already paid due to the decrease in stockholding ratio)), by the ratio calculated by dividing the value obtained by subtracting current stockholding ratio from the initial stockholding ratio by the initial stockholding ratio, when filing its tax return for the business year in which the relevant event occurs] and the amount equivalent to the interest calculated by the formula prescribed by Presidential Decree: *<Amended on Dec. 15, 2015; Dec. 24, 2018; Jun. 20, 2023; Jan. 9, 2024; Dec. 31, 2024>*

1. Where the stockholders, etc. of the acquired corporation prescribed by Presidential Decree, become controlling stockholders, etc. of the acquiring corporation or acquired corporation;

2. Where the acquired corporation discontinues the business in which it has been engaged;

3. Where the current stockholding ratio falls below the initial stockholding ratio; provided, the reduction of the stockholding ratio in any of the following events shall be excluded herefrom:

(a) Where a stock option is exercised under Article 16-3 of the Special Act on the Promotion of Venture Businesses or Article 340-2 of the Commercial Act;

(b) Where a member of an employee stock ownership association under the Framework Act on Labor Welfare acquires employee stocks;

(c) Where a venture investment company referred to in Article 13 (1) 1, a new technology venture capitalist referred to in Article 13 (1) 2, or a venture investment fund, etc. referred to in Article 13 (1) 3, invests (excluding purchasing stocks or equity shares owned by third persons).

(3) For the purposes of paragraph (1) 5 or (2) 2, in extenuating circumstances prescribed by Presidential Decree, the acquiring corporation shall be deemed to continue the business in which it has been engaged.

(4) Calculation of the purchase price, and the net assets value of an acquired corporation; scope of controlling stockholders, etc.; criteria for determining whether an acquired corporation continues or discontinues the business in which it has been engaged under paragraphs (1) and (2); and other necessary matters shall be prescribed by Presidential Decree.

(5) Any domestic corporation that wishes to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 13 (Non-Taxation on Gains from Transferring Stocks of Venture Investment Companies)

(1) No corporate tax shall be levied on gains accrued from transferring any of the following stocks or equity shares: *<Amended on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Jan. 28, 2015; Mar. 29, 2016; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Feb. 11, 2020; Dec. 29, 2020; Dec. 29; 2020; Dec. 28; 2021; Dec. 31, 2022, Jun. 13, 2023; Jun. 20, 2023; Dec. 31, 2023; Jan. 9, 2024; Dec. 31, 2024>*

1. Stocks or equity shares acquired by a venture investment company (hereinafter referred to as "venture investment company") or an accelerator (hereinafter referred to as "accelerator") under the Venture Investment Promotion Act, in return for its investment in a startup under the Support for Small and Medium Enterprise Establishment Act (hereinafter referred to as "startup"), a venture business, or a company specialized in the start-up of new technology-based businesses under the Special Act on the Promotion of Venture Businesses (limited to a small or medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises; hereinafter referred to as "company specialized in the start-up of new technology-based businesses"), by no later than December 31, 2025;

2. Stocks or equity shares acquired by a new technology venture capitalist (hereinafter referred to as "new technology venture capitalist") under the Specialized Credit Finance Business Act, in return for its investment in a new technology business entity licensed under the Korea Technology Finance Corporation Act (hereinafter referred to as "new technology business entity"), a venture business, or a company specialized in the start-up of new technology-based businesses, by no later than December 31, 2025;

3. Stocks or equity shares acquired by a venture investment company, an accelerator, a limited company established under the Commercial Act pursuant to Article 50 (1) 5 of the Venture Investment Promotion Act (hereafter in this Article, referred to as "limited company investing in venture businesses"), or a new technology venture capitalist, in return for its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses through any of the following funds (hereinafter referred to as "venture investment fund, etc."), by no

later than December 31, 2025:

(a) An individual investment fund defined in subparagraph 8 of Article 2 of the Venture Investment Promotion Act (hereinafter referred to as "individual investment fund") and a venture investment fund defined in subparagraph 11 of Article 2 of that Act (hereinafter referred to as "venture investment fund");

(b) Deleted. *<Feb. 11, 2020>*

(c) A new technology venture capital fund established under the Specialized Credit Finance Business Act (hereinafter referred to as "new technology venture capital fund");

(d) A specialized investment fund under the Act on Special Measures for Strengthening the Competitiveness of Materials, Components, and Equipment Industries and Stabilizing Supply Networks (hereinafter referred to as "specialized investment fund");

(e) An agriculture and food investment fund established under the Act on Formation and Operation of Agricultural, Fisheries, and Food Investment Funds (hereinafter referred to as "agriculture and food investment fund");

4. Stocks or equity shares acquired by a corporation prescribed by Presidential Decree among those managing and operating funds or those operating a mutual aid business (hereafter in this Article, referred to as "fund management corporation, etc."), in return for its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses through a venture investment fund, etc., by no later than December 31, 2025;

5. Stocks or equity shares acquired by a venture investment company or a new technology venture capitalist, in return for its investment in a small or medium enterprise listed on the KONEX (referring to the KONEX established under the Financial Investment Services and Capital Markets Act and the Enforcement Decree of that Act) (hereafter in this Article and Articles 16-2, 46-7, and 117, referred to as "KONEX-listed corporation"), by no later than December 31, 2025;

6. Stocks or equity shares acquired by a venture investment company, a limited-liability company investing in venture businesses, or a new technology venture capitalist, in return for its investment in a KONEX-listed corporation through a venture investment fund, etc., by no later than December 31, 2025;

7. Shares or equity interests acquired by a person designated by Presidential Decree who is a member of the executive board of a private indirect venture investment association under subparagraph 12 of Article 2 of the Venture Investment Promotion Act (hereinafter referred to as "private indirect venture investment association") by investing in a start-up company, new technology business entity, venture company, or a company specializing in the start-up of new technology through a private indirect venture investment association by December 31, 2025.

(2) For the purposes of paragraph (1) 1 through 4 and 7, investment shall be deemed made directly or through a venture investment fund, etc. by a venture investment company, an accelerator, a limited-

liability company investing in venture businesses, a new technology venture capitalist, or a fund management corporation, etc.; or through a private indirect venture investment association by the general partners of a private indirect venture investment association, by means of acquiring stocks or equity shares of a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses, in any of the following manners; provided, acquisition by purchasing stocks or equity shares owned by any third person in cases of subparagraphs 1 through 4 shall be excluded herefrom: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 20, 2016; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Jun. 20, 2023; Dec. 31, 2023; Dec. 31, 2024>*

1. Payment with the capital at the time of incorporation of the relevant enterprise;
2. Paying subscription money for new shares issued by the relevant enterprise to increase its capital within seven years from its incorporation;
3. Acquiring stocks or equity shares of the relevant enterprise at the time of capitalization of its surplus within seven years from its incorporation;
4. Acquiring stocks or equity shares of the relevant enterprise at the time of conversion of its liabilities into capital within seven years from its incorporation.
5. Purchasing stocks or equity shares of an enterprise that issued new shares to increase its capital within six months from the date on which the price for the stocks or equity shares issued to increase the capital are paid under subparagraph 2 from a resident who holds them with an income deduction under Article 16 (1) after the lapse of three years from the date of contribution or investment by the resident; provided, the amount shall not exceed 30/100 of the price paid for new shares under subparagraph 2.

(3) For the purposes of paragraph (1) 5 or 6, investment means the acquisition of stocks or equity shares of a KONEX-listed corporation by a venture investment company, a limited-liability company investing in venture businesses, or a new technology venture capitalist directly or through a venture investment fund, etc. in any of the following manners; provided, acquisition by purchasing stocks or equity shares owned by any third person in cases of subparagraphs 1 through 3 shall be excluded herefrom: *<Added on Jan. 1, 2014; Dec.. 31, 2019; Dec. 31, 2022; Jun. 30, 2023; Dec. 31, 2024>*

1. Paying subscription money for new shares issued by the relevant enterprise to increase its capital within two years after getting its stocks listed;
2. Acquiring stocks or equity shares of the relevant enterprise at the time of capitalization of its surplus within two years after getting its stocks listed;
3. Acquiring stocks or equity shares of the relevant enterprise at the time of conversion of its liabilities into capital within two years after getting its stocks listed;
4. Purchasing stocks or equity shares of an enterprise that issued new shares to increase its capital within six months from the date on which the price for the stocks or equity shares issued to increase the capital are paid under subparagraph 1 from a resident who holds them with an income deduction under Article 16 (1) after the lapse of three years from the date of contribution or investment by the resident; provided, the amount shall not exceed 30/100 of the price paid for new shares under subparagraph 1.

(4) No corporate tax shall be levied on dividend income received from any investment under paragraph (1) in a startup, a new technology business entity, a venture business, a company specialized in the start-up of new technology-based businesses, or a KONEX-listed corporation by a venture investment company, an accelerator, a limited-liability company investing in venture businesses, or a new technology venture capitalist, by no later than December 31, 2025. *<Amended on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Jun. 20, 2023>*

(5) Calculation of capital gains and dividend income under paragraphs (1) through (4), and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2014>*

Article 13-2 (Special Taxation for Investment by Domestic Corporations in Venture Businesses, etc.)

(1) Where a domestic corporation prescribed by Presidential Decree acquires any of the following stocks or equity shares, by no later than December 31, 2025, the domestic corporation is entitled to deduct the equivalent to 5/100 of the acquisition price of the stocks or equity shares from corporate tax for the relevant business year; provided,, if such corporation acquires stocks or equity shares of any related party prescribed by Presidential Decree, the amount shall not be deducted: *<Amended on Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Stocks or equity shares acquired in return for its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses;

2. Stocks or equity shares acquired in return for its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses through a private equity fund specializing in business start-ups and venture businesses provided for in Article 249-23 of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "private equity fund specializing in business start-ups and venture businesses") or a venture investment fund, etc. (excluding private indirect venture investment associations);

(2) Where a domestic corporation referred to in paragraph (1) acquires stocks or equity shares by investing in a start-up enterprise, a new technology business operator, a venture enterprise, or a company specializing in the start-up of new technology through a private funded indirect venture investment association by December 31, 2025, the sum of the following amounts shall be deducted from the corporate tax for the relevant business year; In such cases, the proviso, with the exception of the subparagraphs, of paragraph (1) shall apply mutatis mutandis. *<Added on Dec. 31, 2023>*

1. An amount equivalent to 5/100 of the larger of the following amounts:

(a) The acquisition value of the relevant stocks or investment shares;

(b) An amount equivalent to 60/100 of the amount invested in a private indirect venture investment association;

2. Where the acquisition value of the relevant stocks or investment equity acquired in the relevant business year exceeds the average of the acquisition value of the relevant stocks or investment equity in the immediately preceding three business years, an amount equivalent to 3/100 of the excess amount.

(3) For the purposes of each subparagraph of paragraph (1) and paragraph (2), an investment is deemed made through the acquisition of stocks or equity shares by a domestic corporation in any of the following manners, yet acquisition through purchasing stocks or equity shares owned by any third person shall be excluded herefrom: *<Amended on Dec. 31, 2023>*

1. Payment with the capital at the time of incorporation of the relevant enterprise;
2. Payment with the capital increase in case of capital increase within 7 years after the relevant enterprise is established.

(4) If a domestic corporation granted a deduction of corporate tax under paragraph (1) or (2) becomes the controlling stockholder, etc. of the invested corporation within five years after acquiring stocks or equity shares, it shall pay the equivalent to the amount of tax deducted on the stocks or equity shares plus an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, as corporate tax, at the time of filing its tax return of the business year in which it becomes the controlling stockholder, etc.; and the amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act. *<Amended on Dec. 31, 2023>*

(5) A domestic corporation that intends to be granted a tax deduction under paragraph (1) or (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2023>*

(6) In applying paragraphs (1) through (5), necessary matters concerning the scope, etc. of controlling shareholders, etc. shall be prescribed by Presidential Decree. *<Amended on December 31, 2023>*

Article 13-3 (Special Taxation for Domestic Corporation’s Investment in and Acquisition of Enterprises Specialized in Materials, Components, or Equipment)

(1) If two or more domestic corporations (hereafter in this Article, referred to as "investing enterprises") jointly acquire (hereafter in this Article, referred to as "joint investment") stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.") of a small or medium enterprise or a middle-standing enterprise related to materials, components, or equipment prescribed by Presidential Decree (hereafter in this Article, referred to as "invested enterprise") in compliance with each of the following requirements by December 31, 2025, as prescribed by Presidential Decree, an amount equivalent to 5/100 of the acquisition value of the stocks, etc. shall be deducted from the corporate tax of each domestic corporation for the relevant business year. *<Amended on Dec. 31, 2022>*

1. That the purpose of acquisition shall be to seek assistance in the production of investing enterprises’ products through research and development, human resource development, and facility investment related to materials, components, and equipment (hereafter referred to in this Article, as "research, human resource development, etc. related to materials, components, and equipment") of the invested enterprise as prescribed by the Presidential Decree;
2. That the stocks, etc. shall be acquired by paying the price for new shares issued by the invested enterprise to increase its capital;

3. That no affiliated person defined by Presidential Decree shall be involved either in the relationship between the investing enterprises or the relationship between the investing enterprises and the invested enterprise; provided, this shall not apply to cases where investing enterprises and the invested enterprise become affiliated persons under the main clause of this Article through joint investment under this paragraph.

(2) If any of the following events occurs after an investing enterprise was granted a tax credit on corporate tax, the investing enterprise shall pay corporate tax by adding an amount equivalent to the interest calculated as prescribed by Presidential Decree to the amount equivalent to the tax credit on the stocks, etc. when filing its tax return for the business year in which the event occurs, and such tax amount shall be deemed the tax amount payable under Article 64 of the Corporate Tax Act.

1. An investing enterprise granted a tax credit on corporate tax under paragraph (1) becomes a controlling stockholder, etc. of the invested enterprise within five years after acquiring the stocks, etc.;

2. The invested enterprise has not disbursed at least an amount equivalent to 80/100 of the price paid by the investing enterprises for new shares issued to increase its capital by the end of the business year in which the third anniversary of the date of the capital increase falls;

3. An investing enterprise granted a tax credit on corporate tax under paragraph (1) disposes of the stocks, etc. within four years after acquiring the stocks. etc. In such cases, the stocks, etc. acquired first shall be deemed disposed of first.

(3) Where a domestic corporation (excluding corporations identified as affiliated persons as prescribed by Presidential Decree (hereafter in this paragraph, referred to as "affiliated persons") and corporations engaging in financial business or insurance business; hereafter in this paragraph and paragraph (4), the same shall apply) acquires stocks, etc. of a foreign corporation related to materials, components, equipment, or national statistical technology prescribed by Presidential Decree in consideration of the domestic industrial footing, overseas dependency, etc. (excluding foreign corporations affiliated to a domestic corporation; hereafter in this Article, referred to as "acquired foreign corporation") or acquires a business related to materials, components, equipment, or national statistical technology or acquires assets up to the extent similar to the acquisition of a business from an acquired foreign corporation (hereafter in this Article, referred to as "acquisition") (including cases where an acquisition takes place indirectly through a special purpose corporation established for the purposes of acquiring the acquired foreign corporation as prescribed by Presidential Decree (hereafter in this Article, referred to as "acquisition purpose corporation")) in compliance with all of requirements classified in the following by December 31, 2025, an amount equivalent to 5/100 (or 7/100 in cases of a middle-standing enterprises or 10/100 in cases of a small or medium enterprise) of the price for the acquisition of the stocks, etc. or the price for the acquisition of the business or assets (hereafter in this Article, referred to as "acquisition price") shall be deducted from the corporate tax for the relevant business year. If the acquisition price prescribed by Presidential Decree for each acquisition case exceeds 500 billion won, the excess amount shall be deemed nil. *<Amended on Dec. 31, 2022>*

1. Where stocks, etc. are acquired: The following requirements:

(a) The domestic corporation and the acquired foreign corporation have continued their business respectively for at least one year;

(b) The domestic corporation has directly or indirectly acquired at least 50/100 (or 30/100 if the domestic corporation is the largest stockholder or investor of the acquired foreign corporation and has de facto control over the management of the acquired foreign corporation; hereafter in this Article, referred to as "standard stockholding ratio") and holds the stocks, etc. until the end of the business year in which the acquisition date falls;

(c) Stockholders and investors of the acquired foreign corporation as at the acquisition date (hereafter in this Article, referred to as "stockholders, etc.") shall not be or become the controlling stockholder, etc. of the domestic corporation or the acquired foreign corporation during the period from the transfer date of the stocks, etc. to the end of the domestic corporation’s business year in which the transfer date falls;

(d) The acquired foreign corporation shall continue the business in which it has previously engaged until the end of the business year in which the date of acquisition of the stocks, etc. by the domestic corporation falls;

2. Where a business or assets are acquired: The following requirements:

(a) The domestic corporation and the acquired foreign corporation have continued their business respectively for at least one year;

(b) Stockholders and investors of the acquired foreign corporation shall not be or become the controlling stockholder, etc. of the domestic corporation or the acquired foreign corporation during the period from the transfer date of the business or assets to the end of the domestic corporation’s business year in which the transfer date falls;

(c) The previous business so succeeded through acquisition shall be continued until the end of the business in which the date of acquisition by the domestic corporation of the business or assets.

(4) Where any of the following events occurs during the period prescribed by Presidential Decree not exceeding five years, the domestic corporation granted a tax credit on corporate tax under paragraph (3) shall pay the tax amount deducted under paragraph (3) plus the amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, as corporate tax, when filing its tax return for the business year in which the relevant event occurs, and the tax amount shall be deemed payable under Article 64 of the Corporate Tax Act; provided, subparagraph 3 shall not apply to the cases of acquisition of a business or assets: *<Amended on Dec. 31, 2022>*

1. Any of stockholders, etc. of the acquired foreign corporations as at the acquisition date is or becomes the controlling stockholder, etc. of the domestic corporation or the acquisition purpose corporation;

2. The domestic corporation discontinues the business in which the acquired foreign corporation has previously engaged or discontinues the previous business succeeded through acquisition;

3. The ratio of the acquired foreign corporation’s stocks held directly or indirectly by the domestic corporation as at the end of each business year (hereafter in this Article, referred to as the "current stockholding ratio") is lower than the stockholding ratio on the date of acquisition of the stocks, etc. (hereafter in this Article, referred to as the "initial stockholding ratio").

(5) In cases falling under paragraph (4) 3, if the current stockholding ratio is not less than the standard stockholding ratio, notwithstanding the main clause, with the exception of the subparagraphs" of paragraph (4), the amount calculated according to the following formula (excluding the amount of deductible tax already paid due to a decrease in the stockholding ratio) plus the interest equivalent to an amount calculated as prescribed by Presidential Decree shall be paid as corporate tax:

$$\frac{\text{(Initial stockholding ratio ? Current stockholding ratio)}}{\text{Initial stockholding ratio}} \times \text{Deductible tax amount under paragraph (3)}$$

(6) For the purposes of paragraphs (3) and (4), if two or more domestic corporations jointly acquire an acquired foreign corporation (hereinafter referred to as a "joint acquisition") as prescribed by Presidential Decree, the acquisition shall be deemed to be made by one domestic corporation, and the tax credit for each domestic corporation participating in the joint acquisition shall be prorated in proportion to the acquisition price paid by each domestic corporation. *<Amended on Dec. 31, 2022>*

(7) A national who desires to be eligible for the application of paragraphs (1) and (3) shall file an application for tax credit, as prescribed by Presidential Decree.

(8) The requirements for a middle-standing enterprise, the scope of controlling stockholders, etc., the criteria for the continuation and discontinuation of a business in which a corporation has previously engaged, etc., and other necessary matters shall be prescribed by Presidential Decree.

Article 13-4 (Non-Taxation on Gains from Transferring Stocks of Enterprises Specializing in Materials, Components, or Equipment by Venture Investment Companies)

(1) No corporate tax shall be levied on gains accrued from transferring any of the following stocks or equity shares (hereafter in this Article, referred to as "stocks, etc."); provided, this shall not apply to cases falling under any subparagraph of Article 13 (1): *<Amended on Dec. 31, 2022; Jun. 20, 2023; Dec. 31, 2024>*

1. Stocks, etc. acquired by a venture investment company, an accelerator, or a new technology venture capitalist, in return for its investment in a small or medium enterprise related to materials, components, or equipment prescribed by Presidential Decree (hereafter in this Article, referred to as "invested

enterprise") by December 31, 2025;

2. Stocks, etc. acquired by a venture investment company, an accelerator, a limited-liability company investing in venture businesses referred to in the provisions, with the exception of the items" of Article13 (1) 3 (hereafter in this Article, referred to as "limited-liability company investing in venture businesses"), or a new technology venture capitalist, in return for its investment in an invested enterprise through a venture investment fund, etc., by no later than December 31, 2025;

3. Stocks, etc. acquired by a fund management corporation, etc. referred to in Article 13 (1) 4 (hereafter in this Article, referred to as " fund management corporation, etc."), in return for its investment in an invested enterprise through a venture investment fund, etc., by no later than December 31, 2025.

(2) For the purposes of paragraph (1), investment means the acquisition of stocks, etc. of an invested enterprise by a venture investment company, an accelerator, a limited-liability company investing in venture businesses, a new technology venture capitalist, or a fund management corporation, etc. directly or through a business start-up investment fund, etc. in any of the following manners. This shall not apply where stocks, etc. owned by others are acquired by purchase: *<Amended on Jun. 20, 2023; Dec. 31, 2024>*

1. Paying a share capital at the time of incorporation of the invested enterprise;

2. Paying subscription money for new shares issued by the invested enterprise to increase its capital;

3. Acquiring stocks, etc. of the invested enterprise at the time of capitalization of its surplus;

4. 4. Acquiring stocks, etc. of the invested enterprise at the time of conversion of its liabilities into capital.

(3) No corporate tax shall be levied on dividend income received from any investment under paragraph (1) in the invested enterprise by a venture investment company, an accelerator, a limited-liability company investing in venture businesses, or a new technology venture capitalist, by no later than December 31, 2025. *<Amended on Dec. 31, 2022; Jun. 20, 2023>*

(4) Calculation of capital gains and dividend income under paragraphs (1) through (3) and other necessary matters shall be prescribed by Presidential Decree.

Article 14 (Special Taxation for Investment in Startups)

(1) Income from a transfer of any of the following stocks or equity shares (in cases of the stocks or equity shares specified in subparagraphs 1, 2, 2-2, 2-3, and 3 through 6, applicable only where they are acquired in the manner prescribed in any subparagraph of Article 13 (2)) shall not be included in capital gains under Article 94 (1) 3 of the Income Tax Act; provided, this shall not apply where acquiring stocks or equity shares specified in subparagraphs 1, 2, 2-2, 2-3, and 3 through 6 by purchasing them from any other person: *<Amended on Dec. 28, 1999; Dec. 29, 2000; Dec. 29, 2001; Jul. 13, 2005; Dec. 31, 2005; Dec. 30, 2006; Dec. 31, 2007; Jan. 1, 2010; Dec. 31, 2011; Jan. 28, 2015; Mar. 29, 2016; Dec. 20, 2016; Dec. 31, 2019; Feb. 11, 2020; Dec. 29, 2020; Dec. 28, 2021; Jun. 20, 2023; Dec. 31, 2023; Dec. 31, 2024>*

1. Stocks or equity shares acquired in return for an investment in a venture investment company or a new technology venture capital company under the Specialized Credit Finance Business Act;

2. Stocks or equity shares acquired by a venture investment fund in return for its investment in a startup, a venture business, or a company specialized in the start-up of new technology-based businesses;

2-2. Stocks or equity shares acquired by a private indirect venture investment association by investing in a start-up enterprise, a venture enterprise, or a company specializing in the start-up of new technologies;

2-3. Stocks or equity shares acquired by an agriculture and food investment fund in return for its investment in a startup, a venture business, or a company specialized in the start-up of new technology-based businesses;

3. Stocks or equity shares acquired by a new technology venture capital fund in return for its investment in a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses;

4. Stocks or equity shares prescribed by Presidential Decree, acquired in return for an investment in a venture business (including acquisition in return for an investment in a venture business through an individual investment fund);

5. Stocks or equity shares acquired in return for an investment in an accelerator;

6. Stocks or equity shares acquired by a specialized investment fund in return for its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses;

7. Stocks of a venture business traded by the method prescribed in subparagraph 1 (b) of Article 3 of the Securities Transaction Tax Act (limited to stocks transferred by any person other than a majority stockholder referred to in Article 104 (1) 11 (a) of the Income Tax Act).

8. Stocks or equity shares prescribed by Presidential Decree, acquired in return for an investment in an enterprise prescribed by Presidential Decree, such as a technologically innovative small or medium enterprise that offers its stocks, etc. through crowdfunding brokerage pursuant to Article 117-10 of the Financial Investment Services and Capital Markets Act within three years after its establishment.

(2) Deleted. <*Dec. 26, 2008*>

(3) Deleted. <*Dec. 30, 2003*>

(4) income tax shall be withheld from the income falling under any of the following subparagraphs when the relevant cooperative pays such income to its members; provided, if the member is a private indirect venture investment association, the private indirect venture investment association shall withhold income tax when paying the income to the member. <*Amended on Jan. 1, 2010; Dec. 31, 2011; Jan. 28, 2015; Dec. 31, 2019; Feb. 11, 2020; Dec. 28, 2021; Dec. 31, 2023*>

1. Dividend income obtained by a venture investment fund from its investment in a startup, a venture business, or a company specialized in the start-up of new technology-based businesses;

1-2. Dividend income accruing from an investment by a private-funded indirect venture investment association in a start-up, a venture business, or a company specializing in the start-up of new technologies;

1-3. Dividend income obtained by an agriculture and food investment fund from its investment in a startup, a venture business, or a company specialized in the start-up of new technology-based businesses;

2. Dividend income obtained by a new technology venture capital fund from its investment in a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses;

3. Dividend income obtained by a corporate restructuring limited partnership registered pursuant to Article 15 of the Industrial Development Act (referring to the Industrial Development Act in force prior to the amendment by Act No. 9584) from its investment in an enterprise subject to restructuring under Article 14 (4) of that Act;

4. Dividend income obtained by a specialized investment fund from its investment in a startup, a new technology business entity, a venture business, or a company specialized in the start-up of new technology-based businesses.

(5) Notwithstanding the Income Tax Act and the Corporate Tax Act, a venture investment fund, private indirect venture investment association, an agriculture and food investment fund, a new technology venture capital fund, a corporate restructuring limited partnership, or a specialized investment fund shall withhold income tax or corporate tax from income that is attributable to it and referred to in each subparagraph of Article 16 (1) and Article 17 (1) 5 of the Income Tax Act, when it pays such income to its members or partners; provided, if the member is a private indirect venture investment association, the private indirect venture investment association shall withhold income tax or corporate tax when paying the income to the member. *<Amended on Jan. 1, 2010; Dec. 31, 2011; Jan. 28, 2015; Dec. 31, 2019; Feb. 11, 2020; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

(6) In cases of income referred to in paragraphs (4) and (5), the gross income less expenses disbursed by the relevant fund or partnership (limited to expenses corresponding to the gross income) shall be deemed the interest income or dividend income, notwithstanding Article 16 (2) and the main clause, with the exception of the subparagraphs, of Article 17 (3) of the Income Tax Act. *<Amended on Jan. 1, 2010; Dec. 28, 2021; Dec. 31, 2024>*

(7) Paragraphs (4) through (6) shall only apply to income accrued by no later than December 31, 2025. *<Amended on Jan. 1, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

(8) Paragraph (1) 1 shall apply only to stocks or equity shares acquired by no later than December 31, 2009; paragraph (1) 2, 2-2, 2-3, and 3 through 8 shall apply only to stocks and equity shares acquired by no later than December 31, 2025. *<Amended on Jan. 1, 2010; Dec. 31, 2011; Jan. 1, 2013; Dec. 23, 2014; Dec. 20, 2016; Dec. 19, 2017; Dec. 31, 2019, Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

Article 15 (Exemption from Secondary Tax Liability of Investors of Venture Businesses)

(1) Where a venture business satisfies all of the following requirements in the business year in which the liability to pay corporate tax is established during the period from January 1, 2018 to December 31, 2025,

a person falling under any subparagraph of Article 39 of the Framework Act on National Taxes relating to the relevant venture business (hereafter in this Article, referred to as "investor") shall not be subject to the secondary tax liability for the corporate tax for the relevant business year and the special rural development tax and the forced collection charge imposed thereon (hereafter in this Article, referred to as "corporate tax, etc."). In such cases, the maximum amount to be exempted from the secondary tax liability for corporate tax, etc., for which the tax liability is established during the period from January 1, 2018 to December 31, 2025 shall be 200 million won per investor: *<Amended on Dec. 29, 2020; Dec. 31, 2022>*

1. That the ratio of research and human resources development expenses to the amount of income (referring to the turnover calculated pursuant to corporate accounting standards under Article 43 of the Corporate Tax Act) shall be at least 5/100;
2. That the venture business shall be a small enterprise prescribed by Presidential Decree.

(2) Paragraph (1) shall not apply where a venture business or any investor of the venture business falls under any of the following cases as at the delinquency date prescribed by Presidential Decree relating to the corporate tax, etc. for the relevant business year:

1. Where he or she or it has been punished or has received a disposition under the Punishment of Tax Offenses Act or a trial related thereto is in process within the three immediately preceding years;
2. Where there exists any investigation in process for a crime in accordance with the Punishment of Tax Offenses Act;
3. Where he or she or it has evaded, or obtained refund or deduction of, any national tax by fraud or other improper means set forth in subparagraphs of Article 3 (6) of the Punishment of Tax Offenses Act within the three immediately preceding years.

(3) Paragraph (1) shall not apply to a venture business for its corporate tax, etc. for the relevant business year, if it is turned out to have evaded, or obtained refund or deduction of, the corporate tax, by fraud or other improper means set forth in subparagraphs of Article 3 (6) of the Punishment of Tax Offenses Act, for the relevant business year for which its investor is not subject to the secondary tax liability under paragraph (1).

(4) For the purposes of paragraphs (1) through (3), the procedures for filing applications and other necessary matters shall be prescribed by Presidential Decree.

Article 16 (Income Deductions for Contributions to Venture Investment Funds)

(1) Where a resident makes any of the following contributions or investments, the resident is entitled to deduct the equivalent (which shall not exceed 50/100 of the amount of global income for the relevant taxable year) to 10/100 (or 100/100 for an amount of not more than 30 million won; 70/100 for an amount of more than 30 million won but not more than 50 million won; and 30/100 for an amount of not more than 50 million won, in cases of a contribution or an investment provided for in subparagraph 3, 4 or 6) of the amount contributed or invested by no later than December 31, 2025, from his/her global income for the taxable year in which such contribution or investment is made (in cases of paragraph (3), referring to the

taxable year in which the enterprise falls under paragraph (1) 3, 4 or 6) (if a resident chooses one taxable year among the taxable years between the taxable year in which such contribution or investment is made and the taxable year in which the second anniversary of the date of contribution or investment falls and applies for the change of the time for deduction to the chosen taxable year as prescribed by Presidential Decree, such amount may be deducted from the global income for the taxable year applied for; provided, this shall not apply where the resident makes a contribution or investment by acquiring equity shares, investment shares, or beneficiary certificates from any third person: *<Amended on Jan. 1, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Jan. 28, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 31, 2019; Feb. 11, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Jan. 9, 2024>*

1. Where the resident contributes to a venture investment fund, a private indirect venture investment association, a new technology venture capital fund, or a specialized investment fund;
2. Where the resident invests in beneficiary certificates of a venture business investment trust prescribed by Presidential Decree (hereafter in this Article, referred to as "venture business investment trust");
3. Where the resident invests the amount contributed to an individual investment fund in a venture business or an equivalent small or medium enterprise prescribed by Presidential Decree and established not more than three years ago (hereafter in this Article and Article 16-5, referred to as "venture business, etc."), as prescribed by Presidential Decree;
4. Where the resident invests in a venture business, etc. under the Special Act on the Promotion of Venture Businesses;
5. Where the resident invests in a private equity fund specialized in business start-ups and venture businesses;
6. Where the resident invests in equity securities of an enterprise prescribed by Presidential Decree, as a small or medium enterprise for which seven years have not passed since its incorporation, which are placed for public offering through crowdfunding brokerage under Article 117-10 of the Financial Investment Services and Capital Markets Act.

(2) Where any of the following events occurs by no later than the third anniversary from the date a resident granted an income deduction under the main sentence of paragraph (1) made a contribution or an investment, the head of the tax office having jurisdiction over his or her domicile, the withholding agent, or the financial institution that deals in the venture business investment trust shall additionally collect an amount of tax equivalent to income already deducted as a penalty, as prescribed by Presidential Decree; provided, this shall not apply if a contributor or investor dies, or if any ground prescribed by Presidential Decree arises: *<Amended on Jan. 1, 2010; Dec. 31, 2011; Dec. 20, 2016; Dec. 24, 2018>*

1. Where the resident transfers or collects his or her equity shares or investment shares referred to in paragraph (1) 1 or 5;
2. Where the resident transfers or resells (or partially resells) beneficiary certificates of a venture business investment trust referred to in paragraph (1) 2;

3. Where the resident transfers or collects equity shares or investment shares referred to in paragraph (1) 3, 4 and 6.

(3) The income deduction under paragraph (1) shall also apply to the resident who invests in an enterprise not falling under subparagraph 3, 4 or 6 of that paragraph as at the time of investment but the enterprise becomes to fall under subparagraph 3, 4 or 6 of that paragraph by no later than the taxable year, within which the second anniversary of the investment date falls. *<Added on Dec. 19, 2017>*

(4) For the purposes of paragraphs (1) and (2), the limits and calculation of deductible amounts; filing an application for income deduction; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2010>*

Article 16-2 (Special Treatment for Non-Taxation on Gains from Exercising Stock Options of Venture Businesses)

(1) No income tax shall be imposed on gains (referring to the difference between the market price as at the time a stock option is exercised and the actual purchase price, and the stocks include preemptive rights; hereafter in this Article through Article 16-4, referred to as "gains from exercising a stock option") of up to 200 million won per annum earned by an executive officer or employee of a venture business or of an enterprise acquired by a venture business as prescribed by Presidential Decree (hereafter in this Article and Article 16-3, referred to as "executive officer, etc. of a venture business") from exercising a stock option granted by the relevant venture business (including exercising a stock option granted to an executive officer, etc. of a venture business after his/her retirement) before December 31, 2027; provided, the total cumulative amount exempt from income tax per venture business of gains from exercising stock options of a venture business shall not exceed 500 million won. *<Amended on Dec. 24, 2018; Dec. 31, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

(2) Stock options eligible for the special taxation under paragraph (1) shall be limited to the stock options granted pursuant to Article 16-3 of the Special Act on the Promotion of Venture Businesses and the stock options granted pursuant to Article 340-2 or 542-3 of the Commercial Act (limited to cases where stock options are granted by a KONEX-listed enterprise). *<Added on Dec. 31, 2022; Jan. 9, 2024>*

(3) For the purposes of paragraph (1), procedures for filing applications for special treatment and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 24, 2018; Dec. 31, 2022>*

[Previous Article 16-2 moved to Article 16-3 *<Dec. 19, 2017>]*

Article 16-3 (Special Treatment in Payment of Gains from Exercising Stock Options of Venture Businesses)

(1) An executive officer, etc. of a venture business may pay income tax on the gains from exercising a stock option of the venture business (excluding the amount of up to 20 million won which is non-taxable pursuant to Article 16-2) by exercising a stock option granted pursuant to Article 16-3 of the Special Act on the Promotion of Venture Businesses or a stock option granted pursuant to Article 340-2 or 542-3 of

the Commercial Act on or before December 31, 2027, as follows; provided, this shall not apply where the difference between the exercise price of the stock option and the market price is paid in cash: *<Amended on Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Jan. 9, 2024; Dec. 31, 2024>*

1. No income tax shall be withheld, notwithstanding Articles 127, 134, and 145 of the Income Tax Act, where the executive officer, etc. of the venture business files an application for special treatment in payment with the withholding agent with respect to the gains from exercising his or her stock option of the venture business;

2. Where no income tax has been withheld under subparagraph 1, the executive officer, etc. of the venture business shall file a tax return of global income of the taxable year in which he or she exercises his or her stock option, including the gains from exercising his or her stock option of the venture business when filing the final return on tax base of global income and making tax payment by the final return under Articles 70 and 76 of the Income Tax Act, but may exclude an amount of income tax on the gains from exercising his or her stock option, which is equivalent to 4/5 of the amount prescribed by Presidential Decree (hereafter in this paragraph, referred to as "amount of tax to be paid in installments");

3. Where income tax has been paid under subparagraph 2, the executive officer, etc. of the venture business shall pay the equivalent to 1/4 of the amount of tax to be paid in installments when filing the final return on tax base of global income and making tax payment by the final return under Articles 70 and 76 of the Income Tax Act for four years following the taxable year in which he or she exercises his or her stock option.

(2) Where an event described in Article 74 (4) of the Income Tax Act arises while an executive officer, etc. of a venture business pays income tax under paragraph (1), the relevant provisions shall apply mutatis mutandis.

(3) For the purposes of paragraphs (1) and (2), procedures for filing applications for special treatment, and other necessary matters shall be prescribed by Presidential Decree.

[Moved from Article 16-2; previous Article 16-3 moved to Article 16-4 *<Dec. 19, 2017>*]

Article 16-4 (Special Taxation for Gains from Exercising Stock Options of Venture Businesses)

(1) Where any person prescribed by Presidential Decree, being an executive officer or employee of a venture business or of an enterprise acquired by a venture business as prescribed by Presidential Decree (hereafter in this Article, referred to as "executive officer or employee of a venture business"), applies for the application of paragraph (2), as prescribed by Presidential Decree, to gains from exercising a stock option granted by the venture business on or before December 31, 2027, which meets the following conditions (hereafter in this Article, referred to as "qualified stock option"), such person may be exempt from income tax at the time of exercising the stock option, notwithstanding Article 20 or 21 of the Income Tax Act; provided, if the actual purchase price of the stock option at the time of exercising it is lower than

the market price at the time of granting the stock option, income tax shall be levied on the difference (hereinafter referred to as "gain from issuance at a price lower than the market price") at the time of exercising the stock option under Article 20 or 21 of the Income Tax Act: *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 31, 2019; Dec. 28, 2021; Jan. 9, 2024; Dec. 31, 2024>*

1. That the stock option shall be a stock option defined in Article 16-3 of the Special Act on the Promotion of Venture Businesses, and shall meet the requirements prescribed by Presidential Decree;
2. That the total value of the stock options exercised (hereafter in this Article, referred to as "total option price") from the taxable period falling on the second anniversary retrospectively from the exercise date of the stock options granted by the venture business, until the taxable period in which the exercise date of the stock options falls, shall not exceed 500 million won.

(2) Where no income tax is levied pursuant to the main clause, with the exception of the subparagraphs, of paragraph (1) at the time of exercising the eligible stock options, stocks acquired by exercising the eligible stock options (as the surplus of the relevant venture business is transferred to the capital by reason of holding the relevant stocks). Notwithstanding Article 94 (1) 3 of the Income Tax Act, capital gains tax shall be imposed on the income (excluding non-taxable amount pursuant to Article 16-2) accruing from the transfer of stocks (including stocks acquired gratuitously by transferring the surplus of the venture business into equity for the holding of the relevant stocks). *<Amended on Dec. 15, 2015; Dec. 19, 2017; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2024>*

(3) Where capital gains tax is levied pursuant to paragraph (2), the amount of capital gains shall be calculated according to the following formula: *<Amended on Dec. 31, 2024>*

Financial investment income amount = A ? B ? (C ? D)

A: Transfer price of stocks acquired by exercising qualified stock options

B: Actual purchase price at the time of exercising qualified stock options
or market price at the time of granting qualified stock options, whichever is greater

C: Non-taxable amount under Tax- exempt amount under Article 16-2

D: Amount exempted from taxation under 16-2 for gains from issuance in market price or a lower price

(4) Where no income tax is levied under the main clause, with the exception of the subparagraphs, of paragraph (1) (including income tax levied under paragraph (5) after exercising a stock option), the amount prescribed by Presidential Decree, which are expenses incurred in exercising a qualified stock option, shall be excluded from deductible expenses for the purposes of calculating the amount of income for each business year of the relevant venture business, notwithstanding Articles 19, 20, and 52 of the Corporate Tax Act. *<Amended on Dec. 20, 2016; Dec. 28, 2021>*

(5) Notwithstanding paragraph (1), in any of the following cases, income tax shall be levied on all gains that an executive officer or employee of a venture business earned by exercising a stock option within the period prescribed in subparagraph 2 of that paragraph (in cases of subparagraph 1, gains earned by

exercising the stock option of a venture business over stocks given as a gift or disposed of otherwise). In such cases, the time to which income is attributable shall be the taxable year in which any of the following dates falls: *<Amended on Dec. 20, 2016; Dec. 31, 2022>*

1. Where the executive officer or employee gives the stocks acquired by exercising the qualified stock option to a third person as a gift, or disposes of such stocks before the lapse of one year from the exercise date (excluding extenuating circumstances prescribed by Presidential Decree, such as where the venture business becomes bankrupt): The date of donation or the date of disposition;

2. Where the total option price exceeds 500 million won: The date the total option price exceeds 500 million won;

3. Where the executive officer or employee traded any stocks other than the stocks acquired by exercising a stock option through a dedicated account pursuant to paragraph 8: the date on which stocks other than the stocks acquired by exercising the stock option was traded initially.

(6) A venture business that grants qualified stock options or a financial investment business entity defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act shall submit data prescribed by Presidential Decree as necessary for the purposes of paragraphs (1) through (5), including data about granting and exercising the qualified stock options and data about transferring stocks acquired by exercising such qualified stock options, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(7) Article 14 (1) 7 shall not apply where capital gains tax is levied under paragraph (2). *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(8) Any executive officer or employee of a venture business who wishes to be eligible for the special taxation under paragraph (1) shall open a dedicated account only for trading stocks acquired by exercising stock options, as prescribed by Presidential Decree. *<Added on Dec. 31, 2022>*

(9) Paragraph (1) shall also apply where the enterprise that granted the stock option ceases to be a venture business at the time the executive officer or employee of the venture business exercises the qualified stock option. *<Added on Dec. 31, 2022>*

(10) For the purposes of paragraphs (1) through (7), the procedures for applying for, and implementing, the special taxation and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2022>*

[Moved from Article 16-3; previous Article 16-4 moved to Article 16-5 *<Dec. 19, 2017>]*

Article 16-5 (Special Taxation for Gains from Investment of Industrial Property Rights in Kind)

(1) Where a resident who holds a patent, utility model right, design right, or trademark prescribed by Presidential Decree, or any other industrial property right prescribed by Presidential Decree (hereafter in this Article, referred to as "industrial property right"), invests the industrial property right in a venture business, etc. and receives stocks of the venture business, etc. in return before December 31, 2020 (excluding where the resident is a related party prescribed by Presidential Decree of the venture business),

the resident may be exempt from income tax at the time of the acquisition of such stocks, notwithstanding Article 21 of the Income Tax Act, if that resident files an application, as prescribed by Presidential Decree, to inform his/her intention to pay capital gains tax when he/she transfers the stocks to any third person. *<Amended on Dec. 20, 2016; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2024>*

(2) Notwithstanding Article 94 (1) 3 of the Income Tax Act, capital gains tax shall be imposed on income generated by a resident from transferring stocks of a venture business, etc. which he or she has received from investment of industrial property rights pursuant to paragraph (1). *<Amended on Dec. 20, 2016; Dec. 28, 2021; Dec. 31, 2024>*

(3) Where capital gains tax is levied under paragraph (2), the acquisition price of stocks shall be deemed the acquisition price of the invested industrial property right, notwithstanding Article 97 of the Income Tax Act; and the acquisition price of such industrial property right shall be calculated as prescribed by Presidential Decree, based on the actual expenses incurred in acquiring the industrial property right. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(4) A venture company, etc. that grant stocks and a financial investment company defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act (hereinafter referred to in this Article as a "financial investment company") shall submit to the head of the tax office having jurisdiction over the place of tax payment the data prescribed by Presidential Decree as necessary to apply paragraphs (1) through (3), including data related to the in-kind contribution of industrial property rights and data on the transfer of stocks received as a result of the in-kind contribution. *<Amended on Dec. 20, 2016>*

(5) Article 14 (1) 4 and 7 shall not apply where capital gains tax is levied under paragraph (2). *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(6) For the purposes of paragraphs (1) through (5), the procedures for applying for, and implementing, the special taxation, and other necessary matters shall be prescribed by Presidential Decree.

[Moved from Article 16-4 *<Dec. 19, 2017>]*

Article 17 Deleted. *<Dec. 31, 2007>*

Article 18 (Income Tax Reductions for Foreign Engineers)

(1) A foreign engineer prescribed by Presidential Decree (hereafter in this Article, referred to as "foreign engineer") shall be granted a tax reduction equivalent to 50/100 of the income tax on the earned income from the offer of his/her services to a national in the Republic of Korea until the month in which the date falling on ten years from the date (applicable only to the period until December 31, 2026) such foreign engineer started to offer his/her services in Korea falls; provided, in cases of a foreign engineer related to materials, components, and equipment prescribed by presidential decree, among foreign engineers, the tax amount equivalent to 70 percent of income tax shall be reduced for the earned income received in return for providing labor services in the Republic of Korea from the date the foreign engineer first provides labor services in the Republic of Korea (limited to the cases where the date is not later than December 31,

2022) to the month in which the third anniversary of the date falls, and the tax amount equivalent to 50 percent of income tax shall be reduced for the earned income received from the first day of the following month to the month in which the second anniversary of the date falls. *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

(2) Deleted. *<Dec. 23, 2014>*

(3) When a withholding agent pays earned income for which income tax reduction is granted under paragraph (1), he or she shall withhold the amount of income tax to be collected pursuant to Article 127 of the Income Tax Act, less the amount of tax reduced pursuant to paragraph (1). *<Amended on Dec. 23, 2014; Dec. 31, 2019>*

(4) Anyone who wishes to obtain a tax reduction under paragraph (1) shall file an application for tax reduction, as prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

Article 18-2 (Special Taxation for Foreign Workers)

(1) Deleted. *<Dec. 27, 2010>*

(2) Where a foreign executive officer or employee (excluding daily employed workers; hereinafter referred to as "foreign worker") begins to first provide labor in the Republic of Korea, on or before December 31, 2026, the amount of income tax on earned income that the foreign worker receives in return for his/her labor in the Republic of Korea (excluding providing labor to any related party prescribed by Presidential Decree (hereafter in this Article, referred to as "related enterprise") other than foreign-capital invested-corporations prescribed by Presidential Decree) until the taxable period that ends within 20 years from the date the person first provides labor in the Republic of Korea, may be calculated by multiplying the relevant earned income by 19/100, notwithstanding Article 55 (1) of the Income Tax Act: Provided, That the amount of income tax on earned income that a foreign worker receives in return for his/her labor in the regional headquarters prescribed by Presidential Decree until the taxable period that ends within 20 years from the date the person first provides labor in the Republic of Korea, may be calculated by multiplying the relevant earned income by 19/100, notwithstanding Article 55 (1) of the Income Tax Act. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

(3) For the purposes of paragraph (2), the provisions on non-taxation (excluding the non-taxation on income prescribed by Presidential Decree from among salaries in the nature of welfare benefits under subparagraph 3 (w) of Article 12 of the Income Tax Act) and deductions, reductions and exemptions and tax credits related to income tax under the Income Tax Act and this Act shall not apply, and the relevant earned income shall not be added to the global income tax base under Article 14 (2) of the Income Tax Act. *<Amended Dec. 23, 2014; and Dec. 31, 2023.>*

(4) A withholding agent may withhold an amount calculated by multiplying the relevant earned income by 19/100, when paying the monthly earned income to a foreign worker, notwithstanding Article 134 (1) of the Income Tax Act. *<Added on Dec. 27, 2010; Jan. 1, 2013; Dec. 20, 2016>*

(5) Any foreign worker who wishes to be granted a tax deduction under paragraph (2) or (4) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

Article 18-3 (Reduction of Income Tax for Talented National Human Resources Returning to Korea)

(1) If a person who has lived abroad for at least five years after obtaining a degree and is recognized as a talented national human resource as prescribed by Presidential Decree with experience in research and development and technology development resides in the Republic of Korea and is employed by a research institute, etc. prescribed by Presidential Decree (hereafter in this Article, referred to as "research institute, etc."), the income tax on the earned income that such person receives from the research institute, etc. from the date of employment (limited to cases where the date is not later than December 31, 2025) to the month in which the tenth anniversary of the date of employment falls shall be reduced by 50/100. In such cases, the period eligible for income tax reductions or exemptions shall be calculated from the date of initial employment, based on which income tax reductions or exemptions are granted, irrespective of whether the person granted income tax reductions or exemptions is employed by another research institute, etc. *<Amended on Dec. 31, 2022>*

(2) When a withholding obligor pays labor income on which income tax is reduced pursuant to paragraph (1), the withholding obligor shall withhold the amount equivalent to 50/100 of income tax to be collected pursuant to Article 127 of the Income Tax Act.

(3) Any person who wishes to be granted a reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) In addition to the matters prescribed in paragraphs (1) through (3), methods for determining the period of overseas residence and other necessary matters shall be prescribed by Presidential Decree.

Article 19 (Tax Credits for Management Performance Bonuses of Achievement-Sharing Small and Medium Enterprises)

(1) Where a small or medium enterprise under Article 27-2 (1) of the Special Act on Support for Human Resources of Small and Medium Enterprises (hereafter in this Article, referred to as "achievement-sharing small or medium enterprise") pays, by no later than December 31, 2027, a management performance bonus prescribed by Presidential Decree (hereafter in this Article, referred to as "management performance bonus") to full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "full-time employees"), the small or medium enterprise is entitled to deduct the equivalent to 10/100 of the relevant management performance bonus from the income tax (limited to income tax on business income) or corporate tax for the relevant taxable year; provided, no deduction shall be granted, if the number of full-time employees of the achievement-sharing small or medium enterprise in the relevant taxable year is smaller than the number of full-time employees during the immediately preceding taxable year. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(2) Where any employee of a achievement-sharing small or medium enterprise, excluding the following persons, receives a management performance bonus from the relevant small or medium enterprise by no later than December 31, 2027, the relevant employee is entitled to a reduction of the tax amount by the equivalent to 50/100 of the income tax on the management performance bonus: *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

1. Any person whose gross pay in the relevant taxable period exceeds 70 million won;
2. Any person prescribed by Presidential Decree, such as the largest stockholder of the relevant enterprise.

(3) Any small or medium enterprise or employee that wishes to be eligible for the application of paragraphs (1) and (2) shall file an application for a tax credit or tax reduction, as prescribed by Presidential Decree.

(4) Except as otherwise expressly provided in paragraphs (1) and (2), the methods for calculating the number of full-time employee, methods for calculating income tax reductions, and other necessary matters shall be prescribed by Presidential Decree.

SECTION 3 Special Taxation for International Capital Transactions

Article 20 (Special Taxation for Introduction of Public Loans)

(1) Taxes to be borne by a lender under subparagraph 10 of Article 2 of the Introduction and Management of Public Loans Act (hereafter in this Article referred to as"lender") in direct connection with the introduction of public loans under subparagraph 6 of Article 2 of the abovementioned Act (hereafter in this Article referred to as"public loans") shall be reduced or exempted under conditions stipulated by a public loan agreement under subparagraph 7 of Article 2 of the abovementioned Act (hereafter in this Article referred to as"public loan agreement").

(2) The income tax or corporate tax on royalties or service fees paid to any foreigner in connection with the introduction of a public loan shall be reduced or exempted under such terms and conditions as prescribed by the relevant public loan agreement.

(3) Tax reduction or tax exemption under paragraphs (1) and (2) may be denied if so requested by a lender or technology licensor.

Article 21 (Corporate Tax Exemptions, etc. on Interest Income, etc. from International Financial Transactions)

(1) A person (excluding residents, domestic corporations, and domestic business places of foreign corporations) shall be exempt from income tax or corporate tax on any of the following incomes: *<Amended on Jan. 1, 2010; Dec. 31, 2011; Dec. 23, 2014>*

1. Interest and fees on the foreign currency bonds issued overseas by the State, local governments, or domestic corporations;

2. Interest and fees that a foreign exchange agency permitted under the Foreign Exchange Transactions Act pays to a foreign financial institution for foreign currency loans obtained from the financial institution for its foreign exchange business under the aforesaid Act and payable in the foreign currency to the financial institution;

3. Interest and fees paid on the foreign currency bills or foreign currency deposit certificates issued or sold overseas by financial companies, etc. prescribed by Presidential Decree under the conditions as prescribed by the Foreign Exchange Transactions Act.

(2) Deleted. *<Dec. 11, 2002>*

(3) Any income accruing from an overseas transfer, by a non-resident or a foreign corporation, of the securities prescribed by Presidential Decree that have been issued by the State, local governments, or domestic corporations, shall be exempt from the income tax or corporate tax. *<Amended on Jan. 1, 2010>*

Article 21-2 (Non-Taxation of Interest Income Tax on Foreign Currency Time Deposits of Non-Residents, etc.)

(1) Where a non-resident or foreign corporation (excluding domestic business places of non-residents or foreign corporations; hereafter referred to as "non-residents, etc." in this Article) opens an account of foreign currency time deposit prescribed by Presidential Decree the contract period of which is not less than one year, on or before December 31, 2015, no income tax or corporate tax shall be imposed on interest accrued from the relevant deposit during the contract period.

(2) Where a person who holds an account of the deposit referred to in paragraph (1) terminates the savings contract or withdraws all or part of the savings during the contract period, the foreign exchange business handling institution referred to in Article 21 (1) 2 that deals in the relevant deposit shall additionally collect an amount of tax equivalent to the income tax or corporate tax that has not been imposed as prescribed by Presidential Decree and pay it to the head of the tax office having jurisdiction over the withholding no later than 10th day of the month following the month to which the date of such termination or withdrawal belongs. In such cases, if such amount is not paid within the time limit or underpaid, an amount equivalent to 10/100 of the amount of tax which is not paid or underpaid shall be additionally paid.

(3) Documents to be submitted at the time of opening an account of foreign currency time deposit by non-residents, etc. and method to be applied when modification or renewal of the saving contract is made, and other necessary matters shall be prescribed by Presidential Decree.

Article 22 (Exemption from Corporate Tax on Dividend Income from Investment in Overseas Resources Development)

(1) Where a domestic corporation's income for each business year ending on or before December 31, 2015 includes any dividend income from its investment in overseas resources development projects under Presidential Decree as prescribed by the Foreign Exchange Transactions Act (including a resources

processing business under the foreign capital inducement conditions set forth by the host country), only the portion of such dividend exempted from the tax of the host country shall be exempted from corporate tax. *<Amended on Jan. 1, 2013>*

(2) Where paragraph (1) and Article 57 (3) of the Corporate Tax Act are concurrently applicable to such dividend income received by a domestic corporation, only one of them shall be selected and applied thereto.

Article 23 Deleted. *<Dec. 26, 2008>*

SECTION 4 Special Taxation for Investment Promotion

Article 24 (Integrated Investment Tax Credit)

(1) If a national prescribed by Presidential Decree makes an investment (excluding investment by lease prescribed by Presidential Decree; hereafter the same shall apply in this Article) in assets falling under subparagraph 1 (a) or (b) (excluding used goods and rental assets prescribed by Presidential Decree; hereafter the same shall apply in this Article), the aggregate of the basic tax credit amount and additional tax credit amount under subparagraph 2 shall be deducted from income tax (limited to income tax on business income) or corporate tax for the taxable year in which the investment is made; provided, in cases of investments made in the taxable year ending on December 31, 2023, the aggregate of the basic tax credit amount and the additional tax credit amount under subparagraph (3) shall be deducted. *<Amended on Dec. 28, 2021; Dec. 31, 2022; Apr. 11, 2023; Dec. 31, 2024>*

1. Assets eligible for tax credits:

   (a) Tangible business assets, including machinery and equipment; provided, the assets prescribed by Presidential Decree shall be excluded herefrom;

   (b) Assets prescribed by Presidential Decree, among tangible and intangible assets not falling under item (a).

2. Tax credits:

   (a) Amount of basic deduction: An amount equivalent to the amount invested in the relevant taxable year multiplied by the following ratio:

   (b) additional tax credit amount: Where the amount invested in the relevant taxable year exceeds the annual average amount of investment or acquisition for three years immediately preceding the relevant taxable year, an amount equivalent to 10/100 of the excess amount; provided, if the additional tax credit amount exceeds the basic tax credit amount, it shall not exceed twice the basic tax credit amount.

3. Temporary investment tax credit amount:

   (a) Basic tax credit amount: An amount equivalent to 3/100 (or 7/100 for a middle standing enterprise or 12/100 for a small or medium enterprise) of the amount invested during the taxable year ending on

December 31, 2023; provided, in any of the following cases, the amount shall be determined as follows:

(b) additional tax credit amount: Where the amount invested in the taxable year ending on December 31, 2023 exceeds the annual average amount of investment or acquisition for three years immediately preceding the relevant taxable year, an amount equivalent to 10/100 of the excess amount; provided, if the additional tax credit amount exceeds the basic tax credit amount, it shall not exceed twice the basic tax credit amount.

(2) If an investment under paragraph (1) is made over two or more taxable years, paragraph (1) applies to the amount invested in each taxable year in which the investment is made.

(3) If a person granted a tax credit on income tax or corporate tax pursuant to paragraph (1) diverts the assets for any other purpose within a period prescribed by Presidential Decree not exceeding five year from the date on which the investment is completed, the person shall pay the amount equivalent to the tax credit amount so granted plus an additional amount equivalent to interest calculated as prescribed by Presidential Decree, as income tax or corporate tax. In such cases, the relevant tax amount shall be deemed payable under Article 76 of the Income Tax Act or 64 of the Corporate Tax Act.

(4) Any national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(5) For the purposes of paragraphs (1) through (4), the method for calculating an invested amount, the method for calculating the annual average invested amount for three years immediately preceding the relevant taxable year, the methods for identifying facilities for the commercialization of new growth engines and facilities for the commercialization of national strategic technologies, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Apr. 11, 2023>*

Article 25 Deleted. *<Dec. 29, 2020>*

Article 25-2 Deleted. *<Dec. 24, 2018>*

Article 25-3 Deleted. *<Dec. 24, 2018>*

Article 25-4 Deleted. *<Dec. 29, 2020>*

Article 25-5 Deleted. *<Dec. 29, 2020>*

Article 25-6 (Tax Credit for Production Costs of Video Content)

(1) Where a national prescribed by Presidential Decree has incurred any cost prescribed by Presidential Decree (hereafter in this Article, referred to as "production cost of video content"), among the costs incurred inside and outside the Republic of Korea in producing video content which is specified in any

item of subparagraph 1 and prescribed by Presidential Decree (hereafter in this Article, referred to as "video content"), by not later than December 31, 2025, the national is entitled to a tax credit equivalent to the sum of the basic tax credits and the additional tax credits specified in each item of subparagraph 2 on income tax (limited to income tax on business income) or corporate tax for the taxable year in which the video content is first broadcast, shown in a movie theater, or made available for viewing through an online video service, as prescribed by presidential decree. *<Amended on Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Video content eligible for tax credits:

   (a) Dramas, animations, documentaries, and programs for entertainment that are broadcast through a television broadcasting channel of a broadcasting business entity defined in subparagraph 3 of Article 2 of the Broadcasting Act, among broadcast programs defined in subparagraph 17 of that Article;

   (b) Motion pictures defined in subparagraph 1 of Article 2 of the Promotion of the Motion Pictures and Video Products Act;

   (c) Video products rated according to the Promotion of the Motion Pictures and Video Products Act and made available for viewing through an online video service defined in subparagraph 12-2 of Article 2 of the Telecommunications Business Act, among video products defined in subparagraph 12 of Article 2 of the Promotion of the Motion Pictures and Video Products Act.

2. Tax credits:

   (a) Basic deduction amount: An amount equivalent to 5/100 (10/100 in the case of a middle standing enterprise and 15/100 in the case of a small and medium enterprise) of the producing cost of the relevant video content;

   (b) Additional deduction amount: An amount equal to 10/100 of the production cost (15/100 in the case of a middle standing enterprise) for video content that meets the requirements set by Presidential Decree, taking into account the proportion of production costs incurred in Korea out of the total production cost.

(2) A national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(3) For the purposes of paragraph (1), the scope of video content; methods for calculating production costs; and other necessary matters, shall be prescribed by Presidential Decree.

Article 25-7 (Tax credit for investment of domestic corporation in specialized cultural industry company)

(1) If a small or medium-sized enterprise or a middle-standing enterprise designated by the Presidential Decree falls under any item of Article 25-6 (1) 1 and invests in a company specializing in the cultural industry under the Framework Act on the Promotion of Cultural Industries (hereinafter referred to in this Article as a "specialized cultural industry company"), which produces video content prescribed by Presidential Decree (hereafter referred to as "video content" in this Article), by December 31, 2025, an

amount equal to three hundredths of the amount calculated by multiplying the ratio under subparagraph 1 and subparagraph 2 shall be deducted from the corporate income tax for the business year in which the earlier of the date of the initial broadcast, screening, or provision of the video content and the date of liquidation of the cultural industry company falls.

1.The amount invested by the relevant small and medium-sized enterprise or middle standing company in a specialized cultural industry company.

2. The ratio of the expenses prescribed by Presidential Decree among the expenses incurred at home and abroad for the production of the video content, divided by the total amount of investment in the relevant specialized cultural industry company.

(2) Any small or medium enterprise or middle-standing enterprise that intends to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(3) In applying paragraph (1), the method of calculating the amount of tax credit and other necessary matters shall be prescribed by Presidential Decree.

Article 26 (Tax Credits for Employment-Creating Investment)

(1) Where a national makes an investment prescribed by Presidential Decree (excluding investing in used goods or through lease prescribed by Presidential Decree, and investing in the over-concentration control region of the Seoul Metropolitan area; hereafter in this Article, the same shall apply), by not later than December 31, 2017, and the number of full-time employees in the relevant taxable year is not smaller than that of full-time employees in the immediately preceding taxable year, the national is entitled to deduct the aggregate of the following amounts from income tax (limited to income tax on business income) or corporate tax each taxable year in which the investment is made; provided, subparagraph 1 shall also apply where the number of full-time employees in the relevant taxable year is smaller than that of full-time employees in the immediately preceding taxable year in cases of a small or medium enterprise. In such cases, the amount of deduction shall be the amount calculated by subtracting ten million won per number of full-time employee decreasing from the number of full-time employees, from the amount calculated under subparagraph 1, and if such amount is a negative figure, it shall be deemed nil: *<Amended on Dec. 31, 2011; Jan. 1, 2013; Aug. 13, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016; Apr. 18, 2017; Dec. 29, 2020>*

1. Basic deduction amount: The equivalent to 3/100 of the amount invested, in cases of a small or medium enterprise; or the amount prescribed in the following, in cases of a middle-standing enterprise:

(a) The equivalent to 1/100 of the amount invested, if the middle-standing enterprise invests in a growth management region classified under Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act or a nature preservation region classified under Article 6 (1) 3 of the aforesaid Act (hereafter in this Article, referred to as "region outside the over-concentration control region of the Seoul Metropolitan area");

(b) The equivalent to 2/100 of the amount invested, if the middle-standing enterprise invests in any region outside the Seoul Metropolitan area;

2. Additional deduction amount: It shall be the equivalent to 3/100 (or 6/100 in cases of a small or medium enterprise; and 5/100 in cases of a middle-standing enterprise) of the amount invested, if such investment is made in a region outside the over-concentration control region of the Seoul Metropolitan area; or 4/100 (or 7/100 in cases of a small or medium enterprise; and 6/100 in cases of a middle-standing enterprise) of the amount invested, if such investment is made in any region outside the Seoul Metropolitan area, but the amount shall be determined by adding the equivalent to 1/100 of the amount invested thereto, if the taxpayer engages in any of the service businesses prescribed by Presidential Decree; provided, if the amount exceeds an amount calculated by subtracting the amount specified in item (d) from the aggregate of the amounts specified in items (a) through (c) in the order listed below, such excess shall be deemed nil:

(a) Number of graduates from schools prescribed by Presidential Decree which conduct vocational education and training, such as high schools operating the aligned curricula directly linked to industry demand as schools defined in Article 2 of the Elementary and Secondary Education Act, among the full-time employees who have first entered into an employment contract in the relevant taxable year (hereinafter referred to as "high school, etc. aligned to industry demand") × 20 million won (or 25 million won in cases of a small or medium enterprise);

(b) Number of youth employees, employees with disabilities, and employees aged at least 60 years among the full-time employees excluding those referred to in item (a) who have first entered into an employment contract in the relevant taxable year × 15 million won (or 20 million won in cases of a small or medium enterprise);

(c) (Number of the full-time employees in the relevant taxable year number of the full-time employees in the immediately preceding taxable year - number of graduates referred to in item (a) - number of youth employees, employees with disabilities, and employees aged at least 60 years referred to in item (b)) × 10 million won (or 15 million won in cases of a small or medium enterprise);

(d) Amount of deduction carried forward in the relevant taxable year under Article 144 (3).

(2) Where a domestic corporation is to make an interim prepayment under Articles 63 and 63-2 of the Corporate Tax Act (excluding any interim prepayment made by the method prescribed in Article 63-2 (1) 2 of that Act) or is to make a consolidated interim prepayment under Article 76-18 of that Act (excluding any interim prepayment made by the method prescribed in Article 76-18 (1) 2 of that Act), and makes an investment eligible under paragraph (1) during the period of interim prepayment, the domestic corporation may pay, as its interim prepayment, an amount calculated by subtracting the amount of tax credits equivalent to such investment during the period of interim prepayment calculated by applying mutatis mutandis paragraph (1) from the amount of tax for interim prepayment. In such cases, "relevant taxable year" shall be construed as "period of interim prepayment." *<Amended on Dec. 31, 2011; Dec. 24, 2018>*

(3) Where a resident is to make an interim prepayment under Article 65 of the Income Tax Act, and makes an investment eligible under paragraph (1) during the period of interim prepayment, the resident may file a

tax return on interim prepayment with the head of the tax office having jurisdiction over the place of tax payment for an amount calculated by subtracting the amount of tax credits equivalent to such investment during the period of interim prepayment calculated by applying mutatis mutandis paragraph (1) (its ceiling shall be the amount of tax on business income out of the amount of tax for interim prepayment) from the amount of tax for interim prepayment between November 1 and November 30. In such cases, "relevant taxable year" shall be construed as "period of interim prepayment." *<Amended on Dec. 31, 2011>*

(4) Where a resident files a tax return pursuant to paragraph (3), the Income Tax Act (excluding the latter part of Article 65 (9)) shall apply to the resident, deeming that such resident has filed a tax return under Article 65 (3) of the Income Tax Act. *<Amended on Dec. 31, 2011>*

(5) Where the amount of tax for interim prepayment paid or filed under paragraph (2) or (3), is less than 50/100 of the minimum amount of tax in the immediately preceding taxable year calculated under Article 132, the amount of tax credits equivalent to such deficiency during the period of interim prepayment shall not be subtracted. *<Added on Dec. 31, 2011>*

(6) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which a tax deduction was granted, until the end of the taxable year falling on the second anniversary therefrom, has decreased as compared with that of full-time employees in the taxable year in which the tax deduction was granted, a taxpayer granted a deduction of income tax or corporate tax pursuant to paragraph (1) or Article 144 (3) shall pay the equivalent to the amount of tax deducted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

(7) Where the amount of tax deducted, equivalent to the investment during the period of interim prepayment granted under paragraphs (2) and (3), exceeds the amount of tax deducted, equivalent to the investment eligible under paragraph (1) in the relevant taxable year, an amount equivalent to such excess shall be paid as income tax or corporate tax, at the time of filing the tax base of the relevant taxable year. *<Amended on Dec. 31, 2011>*

(8) For the purposes of paragraphs (1) through (3) and (6), or Article 144 (3), the scopes of full-time employees, youth employees, employees with disabilities, and employees aged at least 60 years; methods for calculating the number of full-time employees, graduates from high schools, etc. aligned to industry demand, youth employees, employees with disabilities, and employees aged at least 60 years; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011; Jan. 1, 2014>*

(9) Any national who wishes to be granted a tax credit pursuant to paragraphs (1) through (3) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

Article 26-2 (Special Taxation on Investors in Specific Infrastructure Funds)

(1) With regard to dividend income (limited to income paid within 3 years from the date of subscription) accrued from a collective investment scheme, in which a resident who opens a dedicated account pursuant to paragraph (2) by December 31, 2022 invests and which meets all of the following requirements (hereafter in this Article, referred to as a "specific infrastructure fund"), the tax rate of 9/100 shall apply,

notwithstanding Article 129 of the Income Tax Act, and such income shall not be included in the global income tax base under Articles 14 (2) of that Act: *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

1. That the kind of the collective investment scheme is prescribed by Presidential Decree;
2. That the collective investment scheme invests at least 50/100 of its collective investment assets in the objects of investment prescribed by Presidential Decree in the proportion prescribed by Presidential Decree;
3. That the collective investment scheme is not a private equity fund defined in Article 9 (19) of the Financial Investment Services and Capital Markets Act.

(2) The special taxation under paragraph (1) shall apply where an investment is made through an account that meets all the following requirements (hereafter in this Article, referred to as "dedicated account"):

1. That one person is allowed to open only one dedicated account;
2. That the maximum limit for deposit is 200 million won;
3. That investments are made only in equity securities or beneficiary certificate referred to in the Financial Investment Services and Capital Markets Act of a specific infrastructure fund.

(3) Other necessary matters, including specific requirements for collective investment schemes for specific infrastructure and exclusive accounts, methods of calculating invested amounts, and verification of exclusive accounts, shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 27 (Special Taxation for Investors in Collective Investment Schemes Specializing in Investment and Financing)

(1) Dividend income accrued from a collective investment scheme specializing in investment and financing, as defined in Article 41 (2) of the Act on Public-Private Partnerships in Infrastructure (excluding collective investment schemes specializing in investment and financing and constituting private equity funds under Article 9 (19) of the Financial Investment Services and Capital Markets Act), in which a resident who invests in compliance of the following requirements, no later than December 31, 2025, shall not be included in the global income tax base under Articles 14 (2) of the Income Tax Act: *<Amended on Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

1. That one person is allowed to open only one dedicated account for a collective investment scheme specializing in investment and financing (hereafter in this Article, referred to as "dedicated account);
2. That investments are made in collective investment securities under Article 9 (21) of the Financial Investment Services and Capital Markets Act of a collective investment scheme specializing in investment and financing through the dedicated account;
3. That the maximum limit for deposit in the dedicated account is 100 million won;

(2) Other necessary matters, including specific requirements for exclusive accounts, the method of calculating invested amounts, shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 27-2 Deleted. *<Dec. 29, 2000>*

Article 28 (Special Taxation for Including Depreciation Cost of Service Businesses in Deductible Expenses)

(1) Where a national who engages in any of the service businesses prescribed by Presidential Decree and who meets both of the following requirements acquires any of the fixed assets prescribed by Presidential Decree (hereafter referred to as "assets invested in plant and equipment" in this Article) to use it for the relevant business, by not later than December 31, 2015, the national may include the depreciation cost of the relevant assets invested in plant and equipment in deductible expenses, for the purpose of computing income for the relevant taxable year, up to the amount calculated by the formula prescribed by Presidential Decree, irrespective of whether such national has recognized the depreciation cost as deductible expenses at the time of settling the accounts for each taxable year:

1. That the aggregate of acquisition prices of the assets invested in plant and equipment and acquired in the relevant taxable year shall exceed the aggregate of acquisition prices of the assets invested in plant and equipment and acquired in the immediately preceding taxable year;

2. That the aggregate of acquisition prices of the assets invested in plant and equipment and acquired in the immediately preceding taxable year shall exceed the aggregate of acquisition prices of the assets invested in plant and equipment and acquired in the taxable year before the immediately preceding taxable year.

(2) Any national who wishes to be accorded special tax treatment under paragraph (1) shall file an application for special taxation for inclusion in deductible expenses, as prescribed by Presidential Decree.

(3) The method of recognizing the depreciation cost as deductible expenses under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 28-2 (Special Taxation for Including Depreciation Cost of Assets Invested in Plant and Equipment of Small or Medium and Middle-Standing Enterprises in Deductible Expenses)

(1) Where a small or medium enterprise or a middle-standing enterprise acquires any of the fixed assets prescribed by Presidential Decree (hereafter in this Article, referred to as "assets invested in plant and equipment") by not later than June 30, 2017, to use for its business, the small or medium enterprise or the middle-standing enterprise may include the depreciation cost of the assets invested in plant and equipment in deductible expenses for the purposes of calculating the amount of income for the taxable year by up to the amount calculated, as prescribed by Presidential Decree, irrespective of whether such depreciation cost was recognized as deductible expenses at the time of finally settling accounts for each taxable year. *<Amended on Dec. 29, 2020>*

(2) Paragraph (1) shall not apply where the aggregate of acquisition costs of the assets invested in plant and equipment that a small or medium enterprise or a middle-standing enterprise acquires during the

relevant business year, is smaller than that of acquisition costs of the assets invested in plant and equipment acquired during the immediately preceding business year.

(3) Any national who intends to include depreciation costs in deductible expenses pursuant to paragraph (1), shall file an application for special taxation for inclusion in deductible expenses, as prescribed by Presidential Decree.

(4) The method of recognizing the depreciation cost as deductible expenses under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 28-3 (Special Taxation for Including Depreciation Cost of Assets Invested in Plant and Equipment in Deductible Expenses)

(1) Where a national acquires any of the assets classified as follows (hereafter in this Article, referred to as "assets invested in plant and equipment") by not later than December 31, 2021, the national may include the depreciation cost of the relevant assets invested in plant and equipment, in deductible expenses for the purposes of calculating the amount of income for the taxable year, by up to the amount calculated as prescribed by Presidential Decree, irrespective of whether such depreciation cost was recognized as deductible expenses at the time of final settlement of accounts for each taxable year: *<Amended on Dec. 31, 2019; Dec. 29, 2020>*

1. A small or medium enterprise or a middle-standing enterprise prescribed by Presidential Decree: Fixed business assets;
2. An enterprise other than a enterprise referred to in subparagraph 1: Investment assets for innovative growth prescribed by Presidential Decree.

(2) Any national who intends to include depreciation costs in deductible expenses pursuant to paragraph (1) shall file an application for special taxation for inclusion in deductible expenses, as prescribed by Presidential Decree.

(3) Methods for recognizing depreciation costs as deductible expenses under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 28-4 (Special Taxation for Including Depreciation Cost of Energy Saving Facilities in Deductible Expenses)

(1) Where a national acquires an energy saving facility prescribed by Presidential Decree (hereafter in this Article, referred to as "energy saving facility"), no later than December 31, 2024, the depreciation cost of the energy saving facility may be included in deductible expenses by up to the amount calculated as prescribed by Presidential Decree in calculating the amount of income for the relevant taxable year, irrespective of whether such national recognized the depreciation cost as deductible expenses at the time of settling the accounts for each taxable year. *<Amended on Dec. 31, 2023>*

(2) Any national who intends to include depreciation costs in deductible expenses pursuant to paragraph (1) shall file an application for special taxation for inclusion in deductible expenses, as prescribed by

Presidential Decree.

(3) Methods for recognizing depreciation costs as deductible expenses under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 29 (Separate Taxation on Interest Income from Social Infrastructure Bonds)

With respect to interest derived from social infrastructure bonds prescribed by Presidential Decree, which mature in seven or more years from the date of issue until the date of final repayment and are issued no later than December 31, 2014, notwithstanding Article 14 of the Income Tax Act, such interest income shall not be included in the tax base of global income when the tax base of global income is calculated, tax rate under Article 129 (1) 1 (d) of that Act shall apply. *<Amended on Jan. 1, 2013>*

SECTION 4-2 Special Taxation for Employment Support

Article 29-2 (Tax Credits for Enterprises Having Reinstated Graduates of High Schools Aligned to Industry Demand after Performing their Military Service)

(1) Where a small or medium enterprise or a middle-standing enterprise has employed a person prescribed by Presidential Decree from among graduates of high schools, etc. aligned to industry demand, and such employee is reinstated by no later than December 31, 2020 after performing the military service prescribed by Presidential Decree (only applicable to where reinstatement is made within one year after completing the military service), the equivalent to 30/100 (or 15/100 in cases of a middle-standing enterprise) of the labor cost prescribed by Presidential Decree and paid to the reinstated employee for two years from the date of reinstatement shall be deducted from income tax (only applicable to income tax on business income) or corporate tax of the relevant taxable year. *<Amended on Dec. 19, 2017; Dec. 29, 2020>*

(2) Any small or medium enterprise or middle-standing enterprise that intends to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 19, 2017>*

Article 29-3 (Tax Credits for Enterprises Employing Career-Interrupted Women)

(1) Where a small or medium enterprise or a middle-standing enterprise enters into an employment agreement for at least one year with a woman who meets all of the following conditions (hereafter in this Article and Articles 29-8 and 30, referred to as "career-interrupted woman"), by not later than December 31, 2022, the small or medium enterprise is entitled to deduct the equivalent to 30/100 (or 15/100 in cases of a middle-standing enterprise) of the labor cost prescribed by Presidential Decree paid to the career-interrupted woman from the date of employment until the month falling on the second anniversary therefrom, from income tax (limited to income tax on business income) or corporate tax payable for the relevant taxable year: *<Amended on Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022>*

1. That she resigned from the relevant enterprise or an enterprise of the same type as the relevant enterprise, based on the classification prescribed by Presidential Decree, for marriage, pregnancy, childbirth, childcare, and education of children, as prescribed by Presidential Decree, after working for such enterprise at least one year (limited to where it is verified that income tax was withheld from income earned by the career-interrupted woman, as prescribed by Presidential Decree);

2. That a period of not less than two years but less than 15 years has passed since the date she resigned for the reason specified in subparagraph 1;

3. That she is neither the largest stockholder or investor of that enterprise (referring to the representative if that enterprise is a sole proprietorship) nor an affiliated person prescribed by Presidential Decree of the largest stockholder or investor.

(2) Where a small or medium enterprise or middle-standing enterprise reinstates a person who meets all of the following conditions (hereafter in this Article, referred to as "returnee from childcare leave"), by not later than December 31, 2022, the enterprise is entitled to deduct the equivalent to 30/100 (or 15/100 in cases of a middle-standing enterprise) of the labor cost prescribed by Presidential Decree paid to the returner from childcare leave from the date of reinstatement to the month falling on the first anniversary therefrom, from income tax (limited to income tax on business income) or corporate tax payable for the relevant taxable year; provided, the such amount shall not be deducted where the number of full-time employees of the relevant small or medium enterprise or middle-standing enterprise in the relevant taxable year is smaller than the number of full-time employees during the immediately preceding taxable year: *<Added on Dec. 24, 2018; Dec. 29, 2020>*

1. That the person has worked for the relevant enterprise for at least one year (limited to where it is verified that the relevant enterprise has withheld income tax on income earned by the returnee from childcare leave, as prescribed by Presidential Decree);

2. That the person has taken childcare leave pursuant to Article 19 (1) of the Equal Employment Opportunity and Work-Family Balance Assistance Act, and the period of the childcare leave is at least six consecutive months;

3. That she is neither the largest stockholder or investor of that enterprise (referring to the representative if that enterprise is a sole proprietorship) nor an affiliated person prescribed by Presidential Decree of the largest stockholder or investor.

(3) Where an enterprise granted a deduction of income tax or corporate tax under paragraph (2) terminates the employment relationship with the relevant returnee from childcare leave within one year from the date the person was reinstated in the relevant enterprise, the relevant enterprise shall pay an amount equivalent to the deduction of income tax or corporate tax, at the time of filing a tax return for the taxable year in which the employment relationship terminates. *<Added on Dec. 24, 2018; Dec. 29, 2020>*

(4) Paragraph (2) shall apply only once per child of the returner from childcare leave. *<Added on Dec. 24, 2018>*

(5) Any small or medium enterprise or middle-standing enterprise that intends to be granted a tax credit pursuant to paragraph (1) or (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; Dec. 24, 2018>*

(6) For the purposes of paragraph (2), the scope of full-time employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 24, 2018>*

Article 29-4 (Tax Credits for Enterprises Increasing Earned Income)

(1) A small or medium enterprise or a middle-standing enterprise is entitled to deduct the equivalent to 20/100 (or 10/100 in cases of a middle-standing enterprise) of the portion of wages increased beyond the average wages for three immediately preceding years until the taxable year ending on December 31, 2025 from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year, if the enterprise satisfies each of the following conditions: *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. That the rate of increase in the average wages of full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "full-time employee") for the relevant taxable year shall exceed the mean increase rate of average wages for the three immediately preceding taxable years (hereafter in this Article, referred to as "mean increase rate of average wages for the three immediately preceding years");
2. That the number of full-time employees in the relevant taxable year shall be at least equal to that of full-time employees in the immediately preceding taxable year.

(2) The portion of wages increased beyond average wages for the three immediately preceding years referred to in paragraph (1) shall be calculated by the following formula:

The portion of wages increased beyond average wages for the three immediately preceding years = *[Average wages of full-time employees in the relevant taxable year - Average wages of full-time employees in the immediately preceding taxable year × (1 + Mean increase rate of average wages for the three immediately preceding years)] × Number of full-time employees in the immediately preceding taxable year.*

(3) A small or medium enterprise or a middle-standing enterprise is entitled to deduct the equivalent to 20/100 (or 10/100 in cases of a middle-standing enterprise) of the aggregate of increased wages of employees whose status has been changed to regular employees and meet the requirements prescribed by Presidential Decree for the period and type of employment, etc. (hereafter in this Article, referred to as "employees changed to regular employees") until the taxable year ending on December 31, 2025, from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year, if the enterprise satisfies each of the following conditions: *<Added on Dec. 15, 2015; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. That the enterprise has an employee changed to a regular employee in the relevant taxable year;

2. That the number of full-time employees in the relevant taxable year shall be at least equal to that of full-time employees in the immediately preceding taxable year.

(4) Where a small or medium enterprise or a middle-standing enterprise granted a deduction of income tax or corporate tax under paragraph (3) terminates the employment relationship with any employee changed to a regular employee during the period from the end of the taxable year in which the tax deduction was granted until the end of the taxable year in which the first anniversary thereof falls, the enterprise shall pay the tax amount calculated as prescribed by Presidential Decree, as income tax or corporate tax, at the time of filing a tax return for the taxable year in which the employment relationship terminates. *<Added on Dec. 15, 2015; Dec. 29, 2020; Dec. 31, 2022>*

(5) Notwithstanding paragraph (1), a small or medium enterprise is entitled to deduct the amount equivalent to 20/100 of the portion of wages increased beyond the average increase in wages of all small or medium enterprises until the taxable year in which December 31, 2025 falls, from income tax (limited to income tax on business income) or corporate tax payable by it for the relevant taxable year, in lieu of the amount specified in paragraph (1), if it satisfies each of the following conditions: *<Added on Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. That the increase rate of the average wages of full-time employees for the relevant taxable year shall be greater than the rate prescribed by Presidential Decree, based upon the increase rate of wages of all small or medium enterprises;
2. That the number of full-time employees in the relevant taxable year shall be at least equal to that of full-time employees in the immediately preceding taxable year.
3. That the increase rate of the average wages for the immediately preceding taxable year, must not be a negative figure.

(6) The portion of wages increased beyond the average increase in wages of all small of medium enterprises referred to in paragraph (5) shall be calculated by the following formula: *<Added on Dec. 20, 2016>*

The portion of wages increased beyond the average increase in wages of all small or medium enterprises = *[Average wages of full-time employees for the relevant taxable year - Average wages of full-time employees for the immediately preceding taxable year × (1 + The rate prescribed by Presidential Decree, based upon the increase rate of wages of all small or medium enterprises)] × The number of full-time employees for the immediately preceding taxable year*

(7) Any small or medium enterprise or middle-standing enterprise that wishes to be granted a tax credit pursuant to paragraph (1) or (3) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 15, 2015; Dec. 20, 2016; Dec. 31, 2022>*

(8) For the purposes of paragraphs (1) through (4), the scope of wages; methods for calculating the increase rate of the average wages and the mean increase rate of average wages for the three immediately preceding years; the aggregate of increased wages of employees changed to regular employees; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 15, 2015; Dec. 20, 2016>*

Article 29-5 (Tax Credits for Enterprises Increasing Jobs for Youths)

(1) Where the number of regular youth employees prescribed by Presidential Decree (hereafter in this Article, referred to as "number of regular youth employees") for the relevant taxable year, during the period until the taxable years in which December 31, 2017 falls, among the regular youth employees hired by a national (excluding nationals that engage in the types of business prescribed by Presidential Decree, such as a consumer service business), exceeds the number of regular youth employees for the immediately preceding taxable year, the national is entitled to deduct an amount calculated by multiplying the increased number of persons (which shall not exceed the smaller of the increased number of regular employees prescribed by Presidential Decree (hereafter in this Article, referred to as "all regular employees") or the increased number of full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "full-time employees")), by three million won (or ten million won in cases of a small or medium enterprise; and seven million won in cases of a middle-standing enterprise), from income tax (limited to income tax on business income) or corporate tax payable by that national for the relevant taxable year *<Amended on Arp. 18, 2017; Dec. 29, 2020>*

(2) Where the number of regular youth employees, all regular employees, or full-time employees each taxable year, during the period from the end of the taxable year in which a national was granted a deduction of income tax or corporate tax under paragraph (1), until the end of the taxable year falling on the second anniversary therefrom, is smaller than the number of such employees in the taxable year in which the tax deduction was granted, that national shall pay the equivalent to the amount of tax deducted, as income tax or corporate tax, as prescribed by Presidential Decree.

(3) Any national who intends to be granted a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) For the purposes of paragraph (1) or (2), methods for calculating the number of regular youth employees, all regular employees, or full-time employees, and other necessary matters, shall be prescribed by Presidential Decree.

Article 29-6 (Income Tax Reductions or Exemptions on Payments Received from Performance Compensation Fund for Youth Employees and Core Personnel of Small and Medium Enterprises)

(1) Where any employee of a small or medium enterprise or middle-standing enterprise that has joined a mutual aid program which is prescribed by Presidential Decree and provided by the Performance Compensation Fund (hereafter in this Article, referred to as "Performance Compensation Fund) for Core Personnel of Small and Medium Enterprises established under Article 35-2 of the Special Act on Support for Human Resources of Small and Medium Enterprises (excluding persons prescribed by Presidential Decree, such as the largest stockholder, of the relevant enterprise; hereafter referred to as "core personnel" in this Article) by December 31, 2027, pays contributions for at least 3 years and then receives mutual aid payments from the Performance Compensation Fund, income tax shall be levied on the endowment paid

by the relevant enterprise under subparagraph 1 of Article 35-3 of that Act (hereafter in this Article, referred to as "endowment"), deeming that such endowment is earned income under Article 20 of the Income Tax Act, but shall be reduced by a tax amount equivalent to an amount calculated by multiplying income tax by the relevant rate specified in any of the following: *<Amended on Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. For youth employees prescribed by Presidential Decree: The relevant rate in any of the following:
   (a) For employees of a small or medium enterprise: 90/100;
   (b) For employees of a middle-standing enterprise: 50/100;
2. For employees not falling under subparagraph 1: The relevant rate in any of the following:
   (a) For employees of a small or medium enterprise: 50/100;
   (b) For employees of a middle-standing enterprise: 30/100.

(2) income tax shall be levied on mutual aid payments, less mutual aid contributions and endowments paid by core personnel, deeming that such payments are interest income under Article 16 (1) of the Income Tax Act.

(3) Except as otherwise expressly provided in paragraphs (1) and (2), the methods of calculating income tax reductions, procedures for filing applications for tax reductions, and other necessary matters shall be prescribed by Presidential Decree.

Article 29-7 (Tax Credit for Enterprises Increasing Jobs)

(1) Where the number of full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "number of full-time employees") employed by a national (excluding nationals that engage in the types of business prescribed by Presidential Decree, including a consumer service business; hereafter in this Article, the same shall apply) for the relevant taxable year, during the period until the taxable year in which December 31, 2024 falls, exceeds the number of full-time employees in the immediately preceding taxable year, the national is entitled to deduct an amount calculated by adding up the following amount, from the income tax (limited to income tax on business income) or corporate tax payable for the relevant taxable year and for the period until the taxable year in which the first anniversary (or the second anniversary in cases of a small or medium enterprise or a middle-standing enterprise) of the end of the relevant taxable year falls: *<Amended on Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Mar. 16, 2021; Dec. 28, 2021>*

1. An amount calculated by multiplying the increase in the number of full-time employees prescribed by Presidential Decree, such as regular youth employees, employees with disabilities, and employees aged 60 or older (hereafter in this Article, referred to as"full-time youth employees, etc."), (limited to the increased number of full-time employees) by four million won (or eight million won for a middle-standing enterprise or 11 million won for a small or medium enterprise (or 12 million won for a small or medium enterprise if such increase has occurred in a region outside the Seoul Metropolitan area)); provided, for the increase in the number of full-time youth employees, etc. (limited to the increased

number of full-time employees), in a region outside the Seoul Metropolitan area during the period from the taxable year ending on December 31, 2021 to the taxable year ending on December 31, 2022, the amount shall be determined by multiplying the increased number by five million won (or nine million won for a middle-standing enterprise or 13 million won for a small or medium enterprise);

2. The increase in the number of full-time employees other than full-time youth employees, etc. (limited to the increased number of full-time employees) x 0 won (or 4,500,000 won for a middle-standing enterprise or either of the following amounts for a small or medium enterprise):

(a) If the increase has occurred in a region inside the Seoul Metropolitan area: Seven million won;

(b) If the increase has occurred in a region outside the Seoul Metropolitan area): 7,700,000 won.

(2) If, during the period from the end of the taxable year in which the deduction of income tax or corporate tax was first made for a national under paragraph (1) to the end of the taxable year in which the second anniversary of the end of the taxable year in which the deduction was first made falls, the number of total full-time employees decreases compared to the taxable year in which the deduction was first made, paragraph (1) shall not apply from the taxable year in which the number of full-time youth employees, etc. decreases, and paragraph (1) 1 shall not apply from the taxable year in which the number of full-time youth employees, etc. decreases compared to the taxable year in which the deduction was first made. In such cases, the national shall pay income tax or corporate tax, which corresponds to the equivalent to the amount of tax deducted as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 31, 2019; Mar. 16, 2021>*

(4) Any national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

(4) Any national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

(6) If the number of total full-time employees or the number of full-time youth employees, etc. in the taxable year ending on December 31, 2021 of a national granted a tax credit under paragraph (5) has not decreased compared to the taxable year in which the deduction was first made, the aggregate of the amounts specified in subparagraphs of paragraph (1) shall be deducted from income tax (limited to income tax on business income) or corporate tax from the taxable year ending on December 31, 2021 to the taxable year in which the second anniversary (or the third anniversary in cases of a small or medium enterprise or a middle-standing enterprise) of the end of the taxable year of the first deduction falls. *<Added on Mar. 16, 2021>*

(7) If the number of total full-time employees or the number of full-time youth employees, etc. of a national granted a tax credit under paragraph (6) decreases in the taxable year ending on December 31, 2022, compared to the taxable year in which income tax or corporate tax was first deducted, paragraph (2) shall apply to the period from the end of the taxable year in which the deduction was first made to the end of the taxable year in which the third anniversary of the end of the taxable year of the first deduction falls. *<Added on Mar. 16, 2021>*

(8) For the purposes of paragraph (1), (2), and (5) through (7), the method for calculating the number of full-time youth employees, etc. and the number of total full-time employees and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Mar. 16. 2021>*

(8) For the purposes of paragraphs (1), (2), (5) through (7), the method for calculating the number of full-time youth employees, etc. and the number of total full-time employees and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Mar. 16, 2021>*

Article 29-8 (Integrated Tax Credit for Employment)

(1) If the number of full-time employees prescribed by Presidential Decree (hereafter in this Article, referred to as "full-time employees") of a national (excluding nationals engaging in any of the types of business prescribed by Presidential Decree, such as consumer service businesses; hereafter in this Article, the same shall apply) in the relevant taxable year during the period until the taxable year ending on December 31, 2025 increases, compared to the number of full-time employees in the immediately preceding taxable year, the aggregate of the amounts specified in the following subparagraphs shall be deducted from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year and the taxable year in which the first anniversary (or the second anniversary for a small or medium enterprise or a middle-standing enterprise) of the end of the relevant taxable year falls.

1. An amount calculated by multiplying the increase in the number of full-time employees prescribed by Presidential Decree, such as regular youth employees, employees with disabilities, employees aged 60 or older, and career-interrupted women (hereafter in this Article, referred to as"full-time youth employees, etc."), (limited to the increased number of total full-time employees) by four million won (or eight million won for a middle-standing enterprise or 14,500,000 won for a small or medium enterprise (or 15,500,000 won for a small or medium enterprise if such increase has occurred in a region outside the Seoul Metropolitan area));

2. The increase in the number of full-time employees other than full-time youth employees, etc. (limited to the increased number of total full-time employees) x 0 won (or 4,500,000 won for a middle-standing enterprise or either of the following amounts for a small or medium enterprise):

(a) If the increase has occurred in a region inside the Seoul Metropolitan area: 8,500,000 won;

(b) If the increase has occurred in a region outside the Seoul Metropolitan area: 9,500,000 won.

(2) If, during the period from the end of the taxable year in which the deduction of income tax or corporate tax was first made for a national under paragraph (1) to the end of the taxable year in which the second anniversary of the end of the taxable year in which the deduction was first made falls, the number of total full-time employees decreases, compared to the taxable year in which the deduction was first made, paragraph (1) shall not apply from the taxable year in which the number of total full-time employees decreases, and paragraph (1) 1 shall not apply from the taxable year in which the number of full-time youth employees, etc. decreases, compared to the taxable year in which the deduction was first made. In such cases, the national shall pay an amount equivalent to the tax amount deducted as prescribed by

Presidential Decree (if any amount was carried forward without being deducted under Article 144 from the deductible amount, referring to the amount less the carried-forward amount) as income tax or corporate tax.

(3) Where a small or medium enterprise or a middle-standing enterprise changes the status of fixed-term employees and part-time employees defined in the Act on the Protection of Fixed-Term and Part-Time Employees (hereafter in this Article, referred to as "fixed-term employees and part-time employees"), who are employed by it, temporary agency workers defined in the Act on the Protection of Temporary Agency Workers, or fixed-term employees and part-time employees employed by any subcontractor defined in the Fair Transactions in Subcontracting Act, as at June 30, 2023, to employees under an employment contract with a fixed term, a user company directly employs temporary agency workers pursuant to the Act on the Protection of Temporary Agency Workers, or a prime contractor defined in Article 2 (2) 2 of the Fair Transactions in Subcontracting Act directly employs employees of any subcontractor under an employment contract without a fixed term (hereafter in this Article, referred to as "change of status to regular employees"), from January 1, 2024 to December 31, 2024, an amount calculated by multiplying the number of employees whose status is changed to regular employees (excluding the largest stockholder or investor of the relevant enterprise (in cases of a sole proprietorship, referring to its representative) or any person with a special relationship prescribed by Presidential Decree with the largest stockholder or investor) by 13 million won (or nine million won for a middle-standing enterprise) from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year; provided, no deduction shall be made if the number of full-time employees of the small or medium enterprise or the middle-standing enterprise in the relevant taxable year is less than the number of full-time employees in the immediately preceding taxable year. *<Amended on Dec. 31, 2023>*

(4) If a small or medium enterprise reinstates persons who meet all of the following requirements (hereafter in this Article, referred to as a "returnees from childcare leave") by December 31, 2025, an amount calculated by multiplying the number of returnees from childcare leave by 13 million won (nine million won for a middle-standing enterprise) shall be deducted from income tax (limited to income tax on business income) or corporate tax for the taxable year in which such persons are reinstatement; provided, the deduction shall not be made if the number of full-time employees of the small or medium enterprise or the middle-standing enterprise in the relevant taxable year is less than the number of full-time employees in the immediately preceding taxable year.

1. That the person has worked for the relevant enterprise for at least one year (limited to where it is verified that the relevant enterprise has withheld income tax on income earned by the returnee from childcare leave, as prescribed by Presidential Decree);
2. That the person has taken childcare leave pursuant to Article 19 (1) of the Equal Employment Opportunity and Work-Family Balance Assistance Act, and the period of the childcare leave is at least six consecutive months;

3. That the returnees are neither the largest stockholder or investor of the relevant enterprise (referring to the representative if the relevant enterprise is a sole proprietorship) nor persons with a special relationship prescribed by Presidential Decree with the largest stockholder or investor.

(5) Paragraph (4) shall apply only once per child of each returnee from childcare leave.

(6) If a person granted a tax credit on income tax or corporate tax under paragraph (3) or (4) terminates the employment relationship with an employee within two years from the date the employee had his or her status changed to a regular employee or was reinstated from childcare leave, the person shall pay an amount equivalent to the deducted tax amount (if an amount was carried forward without being deducted under Article 144 from the deductible amount under paragraph (3) or (4), referring to an amount less the carried-forward amount) as income tax or corporate tax at the time of filing a tax return for the taxable year in which the employment relationship terminates.

(7) Any national who wishes to be granted a tax credit pursuant to paragraph (1), (3) or (4) shall file an application therefor, as prescribed by Presidential Decree.

(8) For the purposes of paragraphs (1) through (4), the method for calculating the number of full-time youth employees, etc. and the number of total full-time employees and other necessary matters shall be prescribed by Presidential Decree.

Article 30 (Income Tax Reduction or Exemption for Employees of Small or Medium Enterprises)

Medium Enterprises) (1) Where a youth prescribed by Presidential Decree (hereafter in this paragraph, referred to as "youth"), a person aged 60 or older, a person with a disability, or a career-interrupted woman is employed by an enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "small or medium enterprise"), among small or medium enterprises (including non-profit corporations) defined in Article 2 of the Framework Act on Small and Medium Enterprises, during the period between January 1, 2012 (or January 1, 2014, in cases of a person aged 60 or older, or a person with a disability) and December 31, 2026, the youth, the person aged 60 or older, the person with a disability, or the career-interrupted woman is entitled to income tax reductions or exemptions by the equivalent to 70/100 (or 90/100 in cases of a youth) of income tax (the maximum for each taxable period shall be two million won) on income that each of such persons earns from the small or medium enterprise until the month falling on the third anniversary (or the fifth anniversary in cases of a youth) (referring to the second anniversary from the date reinstated, if the youth is reinstated in service for the small or medium enterprise to which he/she had provided his/her service before he/she was called for the performance of the military service prescribed by Presidential Decree, within one year after performing the military service; or the seventh anniversary from the date of initial employment, if the youth is reinstated in service within five years from the date of initial employment) from the date of employment. In such cases, the period eligible for income tax reductions or exemptions shall be calculated from the date of initial employment, based on which income tax reductions or exemptions are granted, irrespective of whether the person granted income tax reductions or exemptions is employed by another small or medium enterprise or re-employed by the

relevant small or medium enterprise, or whether the employment of such person is transferred to another small or medium enterprise as a consequence of a merger, division, business transfer, or any similar cause. *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; May 29, 2018; Dec. 24, 2018; Dec. 31, 2019; Jun. 9, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

(2) Any employee who wishes to be granted a tax reduction or exemption under paragraph (1) shall file an application for tax reduction or exemption, with the withholding agent; provided, any retired employee may file an application for tax reduction or exemption with the head of the tax office having jurisdiction over the place of his or her domicile. *<Amended on Dec. 31, 2011; Dec. 24, 2018>*

(3) Upon receipt of an application for tax reductions or exemptions filed under paragraph (2), the withholding agent shall submit a list of employees who have filed such application, to the head of the tax office having jurisdiction over withholding tax, by not later than 10th of the month following the month during which it has received such application. *<Amended on Dec. 31, 2011>*

(4) Upon receipt of a list of employees who have filed an application for tax reductions or exemptions under paragraph (3), if the head of the tax office having jurisdiction over withholding tax ascertains that the relevant employee fails to meet the requirements prescribed under paragraph (1), he or she shall notify the withholding agent of such fact. *<Amended on Dec. 31, 2011>*

(5) The withholding agent who has been notified that the employee who filed an application for tax reductions or exemptions pursuant to paragraph (4) fails to meet the requirements provided for in paragraph (1) shall withhold an amount calculated by adding the amount calculated by multiplying the aggregate of amounts short of the amount of tax that should have been withheld initially by 105/100 to the amount of withholding tax on the earned income for the relevant month when he or she pays earned income as at the date he or she was notified as such; provided, where the relevant employee has resigned, the withholding agent shall notify the head of the tax office having jurisdiction over withholding tax of such fact, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

(6) The head of the tax office having jurisdiction over the domicile of the employee whose resignation was notified under the proviso of paragraph (5) shall impose and collect an amount calculated by multiplying the amount under-collected under paragraph (1) by 105/100 as income tax from such employee.

(7) Where it is verified that an employee who has filed an application for a tax reduction or exemption under the proviso of paragraph (2) fails to meet the conditions prescribed in paragraph (1), the head of the tax office having jurisdiction over the domicile of the relevant employee shall immediately impose and collect income tax on the income of the employee, which corresponds to an amount calculated by multiplying the amount under-collected under paragraph (1) by 105/100. *<Added on Dec. 24, 2018>*

(8) For the purposes of paragraph (1), where a person employed by a small or medium enterprise on or before December 31, 2011 (excluding a career-interrupted woman), is re-employed by that small or medium enterprise through an extension of the initial term of the employment agreement on or after January 1, 2012, the person is ineligible for income tax reductions provided for in paragraph (1). *<Added on Dec. 31, 2011; Dec. 20, 2016; Dec. 24, 2018>*

(9) Except as otherwise expressly prescribed in paragraphs (1) through (8), the procedure for filing applications for income tax reductions or exemptions; documents to be submitted; and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 31, 2011; Dec. 24, 2018>*

Article 30-2 Deleted. *<Dec. 31, 2022>*

Article 30-3 (Special Taxation for Small or Medium Enterprises Maintaining Employment)

(1) A small or medium enterprise defined in Article 2 of the Framework Act on Small and Medium Enterprises, meeting each of the following conditions (hereafter in this Article, referred to as "small or medium enterprise maintaining employment"), is entitled to deduct an amount calculated by the formula prescribed in paragraph (2), from income tax (limited to the income tax on business income) or corporate tax until the taxable year ending on December 31, 2026: *<Amended on May 21, 2009; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. Where the hourly rate of a full-time employee (excluding full-time employees that enter into an employment contract in the relevant taxable year) in the relevant taxable year calculated, as prescribed by Presidential Decree, has not decreased as compared with that of the immediately preceding taxable year;
2. Where the number of full-time employees in the relevant taxable year has not decreased by at least the rate prescribed by Presidential Decree as compared with that of full-time employees in the immediately preceding taxable year;
3. Where the total annual wages per full-time employee (excluding full-time employees that enter into an employment contract in the relevant taxable year) of the relevant taxable year calculated, as prescribed by Presidential Decree, has decreased as compared with that of the immediately preceding taxable year.

(2) The amount of deduction under paragraph (1) shall the aggregate of the amount calculated under subparagraph 1 and the amount calculated under subparagraph 2 (if the amount is a negative figure, it shall be deemed nil): *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018>*

1. (Total annual wages of a full-time employee for the immediately preceding taxable year - Total annual wages of a full-time employee for the relevant taxable year) × Number of full-time employees for the relevant taxable year × 10/100;
2. (Hourly rate of a full-time employee for the relevant taxable year - Hourly rate of a full-time employee for the immediately preceding taxable year × 105/100) × Total working hours of all full-time employees for the relevant taxable year × 15/100.

(3) A full-time employee who provides labor to a small or medium enterprise maintaining employment, may deduct the amount calculated by the following formula from earned income for the relevant year until the taxable year ending on December 31, 2026; If the deductible amount in such cases exceeds ten million won, such excess shall be deemed nil: *<Amended on Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31,*

2023>

(Total annual wages of the full-time employee for the immediately preceding taxable year
Total annual wages of the full-time employee for the relevant taxable year) × 50/100

(4) For the purposes of paragraphs (1) through (3), the scope of full-time employees, total wages, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on May 21, 2009>*

(5) Paragraphs (1) through (4) shall also apply to the taxable year in which any of the following areas in which a place of business of a middle-standing enterprise is located is designated or declared as a crisis area (hereinafter referred to as "crisis area"): *<Added on Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021>*

1. An area prescribed by Presidential Decree as an area eligible for the support under Article 32 (1) of the Framework Act on Employment Policy;
2. An employment disaster area declared under Article 32-2 (2) of the Framework Act on Employment Policy;
3. A special area designated for response to a local industrial crisis under the Special Act on Response to Local Industrial Crisis and Recovery of Local Economy.

Article 30-4 (Tax Credits for Social Insurance Premiums for Small or Medium Enterprises)

(1) If the number of full-time employees of a small or medium enterprise in the relevant taxable year during the period until the taxable year ending on December 31, 2024 is more than the number of full-time employees in the immediately preceding taxable year, the small or medium enterprise is entitled to deduct the aggregate of the following amounts from income tax (limited to income tax on business income) or corporate tax for the relevant taxable year and the taxable year in which the first anniversary of the end of the relevant taxable year falls. *<Amended on Dec. 1, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021>*

1. The equivalent to social insurance premiums borne by the employer for an increase in the number of youths and career-interrupted women (hereafter in this Article, referred to as "youths, etc.") hired as full-time employees: Number of employees prescribed by Presidential Decrees among the increase in the number of full-time youth employees, etc. × Amount prescribed by Presidential Decree out of the amount of social insurance premiums borne by the employer for the increase in the number of full-time youth employees, etc. × 100/100;
2. The equivalent to social insurance premiums borne by the employer for the increase in the number of full-time employees, excluding youths, etc.: Number of increased full-time employees prescribed by Presidential Decree, excluding youths, etc. × Amount prescribed by Presidential Decree out of the amount of social insurance premiums borne by the employer for the increase in the number of full-time employees, excluding youths, etc. × 50/100 (or 75/100 in cases of a small or medium enterprise engaging in any of the new-growth service businesses prescribed by Presidential Decree).

(2) If the number of total full-time employees of a small or medium enterprise in a taxable year during the period from the end of the taxable year in which the small or medium enterprise was granted a tax credit on income tax or corporate tax under paragraph (1) to the end of the taxable year in which the first anniversary of thereof falls is less than the number of total full-time employees in the taxable year in which the tax credit was first granted, that paragraph shall not apply to the taxable year in which the number of full-time employees decreased, and subparagraph 1 of that paragraph shall not apply to the taxable year in which the number of full-time youth employees, etc. is less than the number of such employees in the taxable year in which a tax credit was first granted. In such cases, the small or medium enterprise shall pay an amount equivalent to the tax amount deducted as prescribed by Presidential Decree, as income tax or corporate tax. *<Amended on Dec. 28, 2021>*

(3) Where an enterprise prescribed by Presidential Decree among small and medium enterprises bears the equivalent (excluding subsidies from the State, etc. prescribed by Presidential Decree) to the social insurance premiums to be borne by the employer for the employees newly covered by a social insurance by not later than December 31, 2020, from the date of the purchase of the social insurance until the month in which the second anniversary of the date of such purchase falls, among employees prescribed by Presidential Decree who are employed as at January 1, 2019, the enterprise is entitled to deduct an amount equivalent to 50/100 of the amount prescribed by Presidential Decree, from the income tax (limited to the income tax on business income) or corporate tax for the relevant taxable year. *<Added on Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019>*

(4) The social insurance referred to in paragraphs (1) and (3) means: *<Amended on Dec. 19, 2017>*

1. National insurance under the National Pension Act;
2. Employment insurance under the Employment Insurance Act;
3. Industrial accident compensation insurance under the Industrial Accident Compensation Insurance Act;
4. National health insurance under the National Health Insurance Act;
5. Long-term care insurance under the Long-Term Care Insurance Act.

(5) Any small or medium enterprise that intends to be granted a tax credit under paragraphs (1) through (3) shall file an application therefor in the form prescribed by Decree of the Ministry of Economy and Finance and an account statement of tax credits, at the time of filing its tax return for the relevant taxable year. *<Amended on Dec. 19, 2017>*

(6) For the purposes of paragraph (1), the scopes of full-time employees and full-time youth employees, etc.; purchase of new social insurance; methods for calculating an increase in the number of full-time youth employees, etc. where a tax credit is applied under Article 29-3; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 20, 2016; Dec. 19, 2017>*

SECTION 5 Special Taxation for Corporate Restructuring

Article 30-5 (Special Taxation for Gift Tax on Start-Up Funds)

(1) Where a resident aged at least 18 accepts donations of any property, other than property prescribed by Presidential Decree, such as land and buildings, from any of his/her parents aged at least 60 (including parents of his/her father or mother, if his/her father or mother is dead as at the time such donation is made; hereafter in this Article through Article 30-7, the same shall apply), in order to start a small or medium enterprise that engages in any of the types of business prescribed under Article 6 (3), 500 million won shall be deducted from the taxable value of gift tax on the business start-up fund prescribed by Presidential Decree (the maximum taxable value of gift tax shall be five billion won (or ten billion won, if the resident hires at least ten new employees through the start-up of business; hereafter in this Article, referred to as "start-up fund")), out of the value of the property that he/receives as a gift, and gift tax shall be levied at the tax rate of 10/100, notwithstanding Articles 53, 53-2, and 56 of the Inheritance Tax and Gift Tax Act. If such resident receives donated start-up funds at least twice, or from each of his/her parents respectively, deductions shall apply based on the aggregate of taxable amounts of gift tax. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 15, 2015; Dec. 31, 2022; Dec. 31, 2023>*

(2) A person in receipt of donated start-up funds shall commence his or her business within two years from the date of donation. In such cases, situations prescribed by Presidential Decree, such as expansion of a business, shall be deemed a new business startup, but none of the following cases shall be deemed a new business startup: *<Amended on Dec. 15, 2015; Dec. 31, 2019; Dec. 31, 2022>*

1. Where a person succeeds to a preexisting business through a merger, division, investment in kind, or acquisition of business and engages in the same type of business;

1-2. Where a person engages in the same type of business with assets acquired or purchased from a preexisting business, and the ratio of the total value of the acquired or purchased assets to the total value of business assets prescribed by Presidential Decree as at the end of the taxable year in which the business commenced or as at the end of the following taxable year is less than 50/100 but exceeds the ratio prescribed by Presidential Decree;

2. Where a new corporation is incorporated by converting a business operated by a resident into a corporation;

3. Where a business of the same type as the one before its closure is conducted by re-starting a business after its closure;

4. Where it is difficult to consider as the commencement of a new business, such as adding another type of business, or other similar cases prescribed by Presidential Decree.

(3) Paragraph (2) 3 and 4 shall not apply where anyone who has commenced his or her business pursuant to paragraph (2) after receiving donated start-up funds, receives newly donated start-up funds and uses such funds for the original start-up business.

(4) A person in receipt of donated start-up funds shall use all of such start-up funds for the relevant purpose by the fourth anniversary from the date he or she receives such donated start-up funds. *<Amended*

on Dec. 31, 2019>

(5) Where a person in receipt of donated start-up funds commences his or her business pursuant to paragraph (2), the person shall submit a statement on the spending of start-up funds (including a statement on employment, if the donated start-up funds exceed five billion won), to the head of the tax office having jurisdiction over the place of payment of gift tax, on the date prescribed by Presidential Decree. In such cases, if that person fails to submit a statement on the spending of start-up funds or if the statement on the spending of start-up funds submitted is unclear, an amount calculated by multiplying the amount related to the portion on which no statement or a unclear statement has been submitted, by 3/1000, shall be levied as penalty tax on the failure to submit the statement on the spending of start-up funds. *<Amended on Dec. 15, 2015; Dec. 31, 2022>*

(6) A resident accorded special tax treatment with respect to gift tax on start-up funds under paragraph (1), shall be subject to gift tax and inheritance tax, respectively, on the following amounts pursuant to the Inheritance Tax and Gift Tax Act, if any of the following events occurs. In such cases, the equivalent to interest calculated as prescribed by Presidential Decree, shall be added to gift tax to be levied: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 15, 2015; Dec. 31, 2019; Dec. 31, 2022>*

1. Where the resident fails to commence his or her business pursuant to paragraph (2): The start-up funds;
2. Where the resident spends the start-up funds for engaging in a type of business, other than those prescribed under Article 6 (3): The start-up funds spent for a type of business, other than those prescribed under Article 6 (3);
3. Where the resident fails to spend the newly donated start-up funds pursuant to paragraph (3): The start-up funds not spent for the relevant purpose;
4. Where the resident fails to spend all of the start-up funds for the relevant purpose by the fourth anniversary from the date such start-up funds are donated pursuant to paragraph (4): The start-up funds not spent for the relevant purpose;
5. Where the resident misappropriates the donated start-up funds (including the value increased by the start-up business, calculated by the formula prescribed by Presidential Decree; hereinafter referred to as "start-up funds, etc.") for other purposes within ten years after receiving the donated start-up funds: The start-up funds, etc. misappropriated for other purposes;
6. Where the resident closes his or her business within ten years after startup of the business, or in other cases prescribed by Presidential Decree: The start-up funds, etc., and other amount prescribed by Presidential Decree;
7. Where the donated start-up funds exceed three billion won, and the number of employees during each taxable year, within five years from the end of the taxable year in which the date of commencement of business falls, does not exceed the number calculated by the following formula: The start-up fund in excess of five billion won:

Number of employees on the date of commencement of business ?
(Number of persons newly employed through start-up ? 10 persons)

(7) A resident falling under paragraph (6) shall file a take return with the head of the tax office having jurisdiction over the place of tax payment within three months from the end of the month in which the date specified in any subparagraph of that paragraph, as prescribed by Presidential Decree, and pay the relevant gift tax and interest thereon to the tax office having jurisdiction over the place of tax payment, the Bank of Korea, or a post office; provided, this shall not apply where the gift tax and interest thereon have been already levied and paid accordingly pursuant to paragraph (6). *<Added on Dec. 31, 2022>*

(8) For the purposes of Article 3-2 (1) of the Inheritance Tax and Gift Tax Act, start-up funds shall be deemed donated property added to the inherited property. *<Amended on Dec. 15, 2015; Dec. 31, 2022>*

(9) For the purposes of Article 13 (1) 1 of the Inheritance Tax and Gift Tax Act, start-up funds shall be added to the taxable value of inheritance tax, regardless of the period from the date the start-up funds are donated until the date the inheritance commences; for the purposes of subparagraph 3 of Article 24 of that Act, no start-up funds shall be deemed the value of the donated property added to the taxable value of inheritance tax. *<Amended on Dec. 31, 2022>*

(10) Where the amount of gift tax on start-up funds is subject to Article 28 of the Inheritance Tax and Gift Tax Act, the amount of gift tax on start-up funds shall be deducted from the amount of inheritance tax calculated, notwithstanding paragraph (2) of that Article. In such cases, where the amount of the deductible gift tax exceeds the amount of inheritance tax calculated, the amount of gift tax equivalent to the difference between them shall not be refunded. *<Amended on Dec. 31, 2022>*

(11) Where gift tax is levied on start-up funds, the value of property other than start-up funds donated by the same person (including his or her spouse) as a gift, shall not be added to the taxable value of gift tax on start-up funds, notwithstanding Article 47 (2) of the Inheritance Tax and Gift Tax Act; and even where the tax return of gift tax on start-up funds is filed, the tax credit for a voluntary return under Article 69 (2) of the aforesaid Act, shall not apply. *<Amended on Dec. 23, 2014; Dec. 31, 2022>*

(12) Anyone who wishes to be granted a tax credit under paragraph (1), shall file an application for special taxation by the deadline for filing the tax return of gift tax, as prescribed by Presidential Decree. In such cases, the provisions on special taxation shall not apply if he or she fails to file the application for special taxation by such deadline. *<Amended on Dec. 31, 2022>*

(13) The imposition of gift tax and the inheritance tax shall be governed by the Inheritance Tax and Gift Tax Act, except as otherwise expressly provided for in this Article. *<Amended on Dec. 31, 2022>*

(14) Article 30-6 shall not apply to residents granted tax credits under paragraph (1). *<Amended on Dec. 31, 2022>*

(15) For the purposes of paragraphs (1) and (6), the criteria for determination of new employment; scope of employees; methods for calculating the number of employees; and other necessary matters, shall be

prescribed by Presidential Decree. *<Added on Dec. 15, 2015; Dec. 31, 2022>*

Article 30-6 (Special Taxation for Gift Tax on Succession to Family Business)

(1) Where a resident aged 18 years or over succeeds to a family business (referring to a small or medium enterprise prescribed by Presidential Decree or a middle-standing enterprise prescribed by Presidential Decree (excluding an enterprise which has average sales of 500 billion won or more in the 3 business years of corporate tax immediately preceding the business year of corporate tax in which the donation is made), which has been continuously managed by the parents for at least 10 years; hereafter the same shall apply in this Article and Article 30-7) from any of his/her parents aged 60 years or over by acquiring stocks or equity shares of the family business (hereafter referred to as "stocks, etc." in this Article) conveyed by the parent as a gift, as prescribed by Presidential Decree, gift tax shall be levied at the tax rate of 10/100 (20/100 for the excess amount, if the tax base exceeds 12 billion won) after deducting one billion won from the taxable value (limited to the amount specified in the following) of gift tax on the amount equivalent to the property of the family business prescribed by Presidential Decree, out of the value of the stocks, etc., notwithstanding Articles 53, 53-2, and 56 of the Inheritance Tax and Gift Tax Act: Provided, That this shall not apply where a resident acquires stocks, etc. conveyed as a gift by a person who is the largest stockholder or investor referred to in Article 22 (2) of the Inheritance Tax and Gift Tax Act at the time of succession to the family business (excluding a person to whom such stocks, etc. are conveyed as a gift at the time of succession to the family business) after succeeding to the family business. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 31, 2019; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Where a parent has continuously operated the business for not less than ten years but less than less than 20 years: 30 billion won;
2. Where a parent has continuously operated the business for not less than 20 years but less than 30 years: 40 billion won;
3. Where a parent has continuously operated the business for not less than 30 years: 60 billion won.

(2) For the purposes of paragraph (1), if two or more residents acquire stocks, etc. as a gift and succeed to a family business, gift tax shall be levied as if one of the residents acquires all stocks, etc. conveyed to each of them as a gift. In such cases, the amount of gift tax payable by each resident shall be calculated by the method prescribed by Presidential Decree. *<Added on Dec. 31, 2022>*

(3) Where a person who acquires stocks, etc. conveyed as a gift pursuant to paragraph (1) fails to succeed to the family business, as prescribed by Presidential Decree, or either of the following events arises, without just grounds prescribed by Presidential Decree, within five years from the date the person acquires the stocks, etc. as a gift after succeeding to the family business, gift tax shall be levied on the taxable value of the stocks, etc. pursuant to the Inheritance Tax and Gift Tax Act. In such cases, an amount equivalent to interest calculated by the formula prescribed by Presidential Decree shall be levied in addition to the gift tax: *<Amended on Dec. 23, 2014; Dec. 31, 2019; Dec. 31, 2022>*

1. Where the person fails to run the family business, or suspends or closes the family business;

2. Where the person's equity in stocks, etc. conveyed as a gift is reduced.

(4) If a resident or his or her parent has been sentenced to imprisonment with labor or a fine prescribed by Presidential Decree for tax evasion or accounting fraud in relation to the management of the family business (referring to any offense prescribed in Article 3 (1) of the Punishment of Tax Offenses Act or Article 39 (1) of the Act on External Audit of Stock Companies, committed within 10 years before the date of gift or 5 years from the date of gift; hereafter in Article 71 the same shall apply) and such sentence becomes final, the following subparagraphs shall apply: *<Amended on Dec. 31, 2023>*

1. Where the sentence imposed on the resident or his or her parents becomes final and conclusive before the tax base and tax rates are determined under Article 76 of the Inheritance Tax and Gift Tax Act: Paragraph (1) shall not apply;

2. Where a punishment against a resident or parents becomes final and conclusive after the application of paragraph (1): A gift tax shall be imposed on the value of donated stocks, etc. in accordance with the Inheritance Tax and Gift Tax Act. In such cases, the amount equivalent to the interest calculated as prescribed by Presidential Decree shall be added up to the gift tax.

(5) Article 30-5 (8) through (13) shall apply mutatis mutandis to the conveyance of stocks, etc. as a gift under paragraph (1). In this regard, the "start-up fund" shall be construed as "stocks, etc." *<Amended on Dec. 31, 2019; Dec. 31, 2022; Dec. 31, 2023>*

(6) The method of applying special taxation for gift tax where Articles 41-3 and 41-5 of the Inheritance Tax and Gift Tax Act apply after stocks, etc. have been conveyed as a gift pursuant to paragraph (1); method of applying deduction for succession to a family business where succession is initiated after the stocks, etc. have conveyed as a gift; scope of donors and donees; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 15, 2015; Dec. 31, 2019; Dec. 31, 2023>*

(7) Article 30-5 shall not apply to the residents who have obtained tax deductions under paragraph (1). *<Amended on Dec. 31, 2019; Dec. 31, 2023>*

(8) A resident who falls under paragraph (3) or (4) 2 shall file a report with the head of the tax office having jurisdiction over the place of tax payment as prescribed by Presidential Decree within three months from the end of the month in which he or she falls under any subparagraph of paragraph (3) or paragraph (4) 2, and shall pay the relevant gift tax and interest thereon to the tax office having jurisdiction over the place of tax payment, the Bank of Korea, or a postal office; provided, the same shall not apply where the gift tax and an amount equivalent to the interest, which have been already levied and paid pursuant to paragraph (3) or paragraph (4) 2. *<Added on Dec. 19, 2017; Dec. 31, 2019; Dec. 31, 2023>*

Article 30-7 (Deferral of Payment of Gift Tax for Succession to Family Business)

(1) If a resident files an application for deferring the payment of gift tax in compliance with all the following requirements, the head of the tax office having jurisdiction over the place of tax payment may permit the deferral of payment of the amount prescribed by Presidential Decree. *<Amended on Dec. 31,*

2023>

1. That the resident aged 18 or older has acquired stocks or equity shares (hereafter in this Article, referred to as "stocks, etc.) of the relevant family business from his or her parents aged 60 or older for the purpose of succeeding to the family business (limited to small and medium enterprises prescribed by Presidential Decree; hereafter the same shall apply in this Article), as prescribed by Presidential Decree;

2. That the resident has not been granted the special taxation of gift tax under Article 30-5 or 30-6;

(2) The resident who wishes to be granted permission to defer payment under paragraph (1) shall provide collateral.

(3) If a resident falls under any of the following subparagraphs without good cause prescribed by Presidential Decree, the head of the tax office having jurisdiction over the place of tax payment shall revoke or modify the permission granted under paragraph (1) and collect the tax amount specified in the relevant subparagraph and interest calculated thereon as prescribed by Presidential Decree:

1. Where the resident ceases to engage in the family business: The full amount of deferred tax;

2. Where the equity shares of the resident who acquired stocks, etc. conveyed as a gift decrease: The tax amount specified in either of the following:

(a) Where the equity shares decrease within five years from the date of conveyance as a gift: The full amount of deferred tax;

(b) Where the equity shares decrease after the lapse of five years from the date of conveyance as a gift: The tax amount calculated as prescribed by Presidential Decree in consideration of the ratio of the decrease in the equity shares to the amount of deferred tax;

3. Where the resident fall under all the following items: The full amount of deferred tax:

(a) The overall average number of regular employees prescribed by Presidential Decree (hereafter in this item, referred to as"regular employees") for a period of five years from the date of conveyance as a gift is less than 70/100 of the average number of regular employees in two business years immediately preceding to the business year in which the conveyance as a gift took place;

(b) The overall average of the gross salary amount prescribed by Presidential Decree (hereafter in this item, referred to as "gross salary amount ") for five years from the date of conveyance as a gift is less than 70/100 of the average of the gross salary amount for two business years immediately preceding to the business year in which the conveyance as a gift took place.

4. Where the relevant resident is dead and inheritance commences: The full amount of deferred tax.

(4) If a person granted permission to defer payment under paragraph (1) fall under any subparagraph of paragraph (3), the person shall file a tax return with the head of the tax office having jurisdiction over the place of tax payment within three months from the end of the month in which the relevant event occurs, as prescribed by Presidential Decree and shall pay the relevant gift tax and interest thereon to the tax office having jurisdiction over the place of tax payment, the Bank of Korea, or a post office; provided, this shall not apply where gift tax and the interest thereon has already been collected under paragraph (3).

(5) If a person granted permission to defer payment under paragraph (1) falls under any of the following subparagraphs, the head of the tax office having jurisdiction over the place of tax payment shall revoke or modify the permission and may collect all or part of the amount of deferred tax and interest calculated thereon as prescribed by Presidential Decree:

1. Where the person fails to comply with an order issued by the head of the competent tax office as necessary to change or otherwise preserve collateral;
2. Where the person falls under any subparagraph of Article 9 (1) of the National Tax Collection Act and it is found impossible to collect the full amount of deferred tax.

(6) If a person who is obliged to pay an amount of deferred tax and interest thereon under paragraph (3) 2 or 4 (including the cases to which either of the afore-mentioned subparagraph shall apply mutatis mutandis under paragraph (7)) falls under any of the following subparagraphs, the person may file an application for permission to defer the payment of the amount of deferred tax and interest thereon with the head of the tax office having jurisdiction over the place of tax payment, notwithstanding paragraphs (3) and (4).

1. In cases falling under paragraph (3) 2, where the donee has been granted special taxation under Article 30-6 or permission to defer payment under paragraph (1);
2. In cases falling under paragraph (3) 4, where an inheritor has been granted a deduction for inheritance of a family business under Article 18-2 (1) of the Inheritance Tax and Gift Tax Act or permission to defer payment under Article 72-2 (1) of that Act;

(9) For the purposes of paragraphs (1) through (8), the procedure for filing an application for deferment of payment, matters regarding the provision of collateral, matters regarding whether to levy penalty tax for late payment in connection with the time of granting permission to defer payment, the method of determining whether a person engages in a family business, and other necessary matters shall be prescribed by Presidential Decree.

(8) Article 30-5 (8) through (11) and (13) shall apply mutatis mutandis to the donation of stocks, etc. under paragraph (1). In such cases, the "start-up fund" shall be construed as "stocks, etc." *<Amended on Dec. 31, 2024>*

(9) For the purposes of paragraphs (1) through (8), the procedure for filing an application for deferment of payment, matters regarding the provision of collateral, matters regarding whether to levy penalty tax for late payment in connection with the time of granting permission to defer payment, the method of determining whether a person engages in a family business, and other necessary matters shall be prescribed by Presidential Decree.

Article 31 (Capital Gains Tax Carried Forward Following Consolidation between Small or Medium Enterprises)

(1) Where a small or medium enterprise to be extinguished by consolidation between small or medium enterprises engaging in the types of business prescribed by Presidential Decree transfers fixed business assets prescribed by Presidential Decree (hereinafter referred to as "fixed business assets") to a corporation

newly incorporated by consolidation or a corporation surviving such consolidation (hereafter referred to as "consolidated corporation" in this Article), taxation carried forward may apply to the fixed business assets. *<Amended on Jan. 1, 2013>*

(2) The scope of, and requirements, for consolidation between small or medium enterprises subject to paragraph (1) shall be prescribed by Presidential Decree.

(3) Any national who intends to carry forward tax under paragraph (1) shall file an application for taxation carried forward, as prescribed by Presidential Decree.

(4) Where a small or medium start-up enterprise or a small or medium start-up venture enterprise as prescribed in Article 6 (1) and (2) or a national eligible for tax reduction or exemption under Article 64 (1) consolidates as prescribed in paragraph (1) before the expiration of the period of tax reduction or exemption under Article 6 or 64, the consolidated corporation is entitled to tax reduction or exemption under Article 6 or 64 for the remaining period of tax reduction or exemption, as prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

(5) Where a small or medium enterprise relocating to an area outside the over-concentration control region of the Seoul Metropolitan area under Article 63, or an agricultural company under Article 68 consolidate as prescribed in paragraph (1) before the expiration of the period of tax reduction or tax exemption under Article 63 or 68, the consolidated corporation is entitled to tax reduction and exemption under Article 63 or 68 for the remaining period of tax reduction or tax exemption, as prescribed by Presidential Decree.

(6) Where a national who has an unused tax credit under Article 144 consolidates as prescribed in paragraph (1), the consolidated corporation may succeed to the amount of the unused tax credit of the national and obtain a tax credit, as prescribed by Presidential Decree.

(7) Where either of the following events arises within five years from the date a national who has tax carried forward under paragraph (1) transfers fixed business assets, the national shall pay the tax carried forward under paragraph (1) (referring to the amount less the amount of tax already paid by a consolidated corporation) as the capital gains tax within two months from the end of the month in which the relevant event arises. In such cases, the criteria for determination of the discontinuance of business, and other necessary matters shall be prescribed by Presidential Decree: *<Added on Dec. 1, 2013; Dec. 23, 2014>*

1. Where the consolidated corporation discontinues the business succeeded from a small or medium enterprise to be extinguished;
2. Where a national who has tax carried forward under paragraph (1) disposes of at least 50/100 of the stocks or equity shares of the consolidated enterprise acquired by consolidation.

Article 32 (Capital Gains Tax Carried Forward Following Conversion into Corporation)

(1) Where a resident converts his or her business into a corporation (excluding any corporation that engages in consumer service business prescribed by Presidential Decree), by making an investment in kind with fixed business assets, or by the means of business transfer or acquisition prescribed by Presidential Decree, taxation carried forward may apply to the fixed business assets; provided, this shall not apply

where fixed business assets are houses or rights to acquire houses. *<Amended on Jan. 1, 2013; Dec. 29, 2020>*

(2) Paragraph (1) shall apply only where the capital of a newly-established corporation exceeds the amount prescribed by Presidential Decree.

(3) Any resident who intends to be accorded special tax treatment under paragraph (1) shall file an application for taxation carried forward, as prescribed by Presidential Decree.

(4) Article 31 (4) through (6) shall apply mutatis mutandis to corporations to be established under paragraph (1).

(5) Where either of the following events occurs within five years from the registration date of the incorporation of a corporation established pursuant to paragraph (1), the resident who has tax carried forward under paragraph (1) shall pay the tax carried forward under paragraph (1) (referring to the amount less the amount of tax already paid by the corporation) as capital gains tax within two months from the last day of the month in which the relevant event arises. In such cases, the criteria for determination of the discontinuance of business, and other necessary matters shall be prescribed by Presidential Decree: *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 19, 2017>*

1. Where the corporation established pursuant to paragraph (1) discontinues the business succeeded from the resident who has tax carried forward under paragraph (1);
2. Where the resident who has tax carried forward under paragraph (1) disposes of at least 50/100 of the stocks or equity shares acquired by conversion into a corporation.

Article 33 (Special Taxation for Enterprises Supporting Response to Commercial Changes in Business Conversion)

(1) Where a person transfers fixed business assets used directly for the pre-conversion business (hereafter in this Article, referred to as "fixed assets for the pre-conversion business") by not later than December 31, 2023, and acquires fixed business assets to be used directly for the converted business within one year from the date of transfer, in order to convert a business that an enterprise supporting for coping with trade changes under Article 6 of the Act on Response to and Support for Changes in Trade Environment (hereafter in this Article, referred to as "enterprise supporting for response to trade changes") has engaged in (hereafter in this Article, referred to as "pre-conversion business"), into a business falling under any subparagraph of Article 6 (3) of this Act (hereafter in this Article, referred to as "converted business"), the person may choose to exclude the amount calculated, as prescribed by Presidential Decree, regarding proceeds accruing from transfer of the fixed assets for the pre-conversion business, from the gross income, for the purposes of calculating the amount of his/her income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, over a three-business year period starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. *<Amended on Dec. 27, 2010; Dec. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Oct. 19, 2021; Dec. 28, 2021;Feb. 20, 2024>*

(2) For the purposes of paragraph (1), a resident is entitled to a tax reduction or exemption, or deferral, as follows:

1. Where the resident acquires the machinery and equipment for the converted business with the transfer value of the business buildings of the pre-conversion business and land appurtenant thereto (hereafter in this Article, referred to as "transfer value of the pre-conversion business"): Reducing an amount of tax equivalent to 50/100 of the capital gains tax, as prescribed by Presidential Decree;

2. Where the resident acquires the business buildings of the converted business and land appurtenant thereto with the transfer value of the pre-conversion business: Granting deferred taxation, as prescribed by Presidential Decree.

(3) Where any resident accorded special tax treatment under paragraphs (1) and (2), fails to convert his or her business, or discontinues or closes his or her converted business within three years from the date the converted business commences, the resident shall include an amount calculated, as prescribed by Presidential Decree, in his or her gross income, for the purposes of calculating the amount of income in the business year during which the relevant ground arises, or pay, as capital gains tax, the amount of tax credits or the amount of tax deferred. In such cases, the corporate tax or capital gains tax plus the equivalent to interest calculated as prescribed by Presidential Decree shall be paid, at the time classified as follows; and the amount of such tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act and Article 111 of the Income Tax Act: *<Amended on Dec. 19, 2017>*

1. In cases of a corporation: At the time of filing a tax return for the business year in which the date the relevant ground arises falls;

2. In cases of a resident: Within two months from the end of the month in which the relevant ground arises falls.

(4) In any of the following cases, a resident granted deferred taxation under paragraph (2) 2 (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph) shall pay the amount of deferred tax, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: *<Added on Dec. 20, 2016; Jun. 9, 2020>*

1. Where the resident donates the building for the place of the converted business and land appurtenant thereto: Within three months from the end of the month in which the property is donated;

2. Where the building for the place of the converted business and land appurtenant thereto is inherited upon the death of the resident: Within six months from the end of the month in which inheritance commences.

(5) For the purposes of paragraphs (1) through (4), the scope of business conversion; the scope of fixed business assets; submitting applications for tax reductions or tax exemptions, or applications for tax deferral, and statements of proceeds from transfer of fixed business assets; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 20, 2016>*

Article 33-2 Deleted. *<Dec. 29, 2020>*

Article 34 (Special Taxation for Assets Sold by Domestic Corporations to Pay Financial Debts)

(1) Where a domestic corporation transfers its assets to any third person, on or before December 31, 2026, according to its financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the persons prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article), which includes its plan to pay debts by the deadline prescribed by Presidential Decree from the date of transfer of assets (referring to the date prescribed by Presidential Decree if such assets are transferred under a long-term installment plan, or the date of termination of a cause if any of the unavoidable causes prescribed by Presidential Decree exists; hereafter the same shall apply in this Article) in order to improve its financial structure, the domestic corporation may elect to exclude an amount equivalent to the paid debts prescribed by Presidential Decree (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter referred to as "amount equivalent to the gains from transfer" in this Article) out of the capital gains from the transfer of such assets, from its gross income, during the period of the relevant business year and three business years after the end of the relevant business year, and may include the relevant amount in gross income, in at least equal installments, during the subsequent three business years thereafter. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. Deleted; *<Dec. 15, 2015>*
2. Deleted. *<Dec. 15, 2015>*

(2) If any of the following causes occurs, a domestic corporation accorded special tax treatment under paragraph (1) shall include the amount excluded from gross income under paragraph (1) in gross income for the purposes of calculating the income for the business year in which the relevant cause arises, as prescribed by Presidential Decree. In such cases, the domestic corporation shall pay corporate tax plus an amount equivalent to interest calculated by the formula prescribed by Presidential Decree, and the relevant tax amount shall be deemed the tax amount payable under Article 64 of the Corporate Tax Act: *<Amended on Dec. 15, 2015>*

1. Where the domestic corporation fails to pay debts according to the financial restructuring plan;
2. Where the debt ratio of the domestic corporation that has transferred assets, exceeds the standard debt ratio during a three-year period following the transfer of the assets;
3. Where the domestic corporation closes the relevant business or is dissolved within three years from the date of transfer of the relevant assets, and a merging corporation, a corporation newly established following a division, or the counterpart corporation of a merger through division fails to succeed to the relevant business; provided, an amount equivalent to interest calculated by the formula prescribed by Presidential Decree shall not be added if an unavoidable cause prescribed by Presidential Decree arises, such as bankruptcy.

(3) The person who has approved a financial restructuring plan under paragraph (1) shall annually submit the contents of the financial restructuring plan and outcomes of implementation of the plan to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. *<Amended on Dec. 15, 2015>*

(4) The time of transfer, contents and approval criteria of the financial restructuring plan, the scope of debts referred to in paragraph (1), and calculation of the debt ratio and the standard debt ratio, filing applications for tax reductions and exemptions under paragraph (2), and other necessary matters shall be prescribed by Presidential Decree.

Article 35 Deleted. *<Dec. 29, 2001>*

Article 36 Deleted. *<Dec. 29, 2001>*

Article 37 Deleted. *<Dec. 29, 2001>*

Article 38 (Special Taxation for All-Inclusive Share Swap or Transfer)

(1) Where a domestic corporation becomes a wholly-owned subsidiary of the counterpart corporation of an all-inclusive share swap or transfer (hereafter in this Article, referred to as "all-inclusive share swap, etc.") through an all-inclusive share swap provided for in Article 360-2 of the Commercial Act or all-inclusive share transfer provided for in Article 360-15 of the same Act, meeting all the following conditions, capital gains tax or corporate tax on the equivalent to proceeds from transfer of stocks accrued to the stockholders of the wholly-owned subsidiary from the all-inclusive share swap, etc., may be deferred until the stockholders of the wholly-owned subsidiary dispose of the stocks of a wholly-owning parent company or the wholly-owning parent company of the wholly-owning parent company, as prescribed by Presidential Decree; provided, where it is impossible to hold the acquired stocks or to continue the business due to unavoidable reasons prescribed by Presidential Decree, taxation may be deferred until the acquired stocks are disposed of, even if the requirements under subparagraph 2 or 3 are not satisfied. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 20, 2016; Dec. 28, 2021; Dec. 31, 2024>*

1. All-inclusive share swap, etc. shall be made between domestic corporations operating business for at least one year as at the date of the all-inclusive share swap or transfer; provided, the wholly-owning parent company to be newly incorporated in the course of the all-inclusive share transfer shall be excluded herefrom;

2. Where stockholders of the wholly-owned subsidiary receive the prices for the swap or transfer from the wholly-owning parent company, the price of the stocks of the wholly-owning parent company shall be at least 80/100 of the aggregate of prices for such swap and transfer, or the price of the stocks of the wholly-owning parent company of the wholly-owning parent company shall be at least 80/100, and such stocks shall be distributed, as prescribed by Presidential Decree, and the stockholders of the

wholly-owning parent company and stockholders of the wholly-owned subsidiary prescribed by Presidential Decree shall hold the stocks acquired through the all-inclusive share swap, etc. until the end of the business year in which the date of the share swap or transfer falls;

3. The wholly-owned subsidiary shall keep on operating until the end of the business year in which the date of the share swap or transfer falls.

(2) Where the stockholders of the wholly-owned subsidiary are granted deferred taxation under paragraph (1), the wholly-owning parent company shall acquire the stocks of the wholly-owned subsidiary at the market price referred to in Article 52 (2) of the Corporate Tax Act; and thereafter, if any of the following grounds occurs within the period prescribed by Presidential Decree within three years, the wholly-owning parent company shall notify the stockholders of the wholly-owned subsidiary of the occurrence of such ground within one month from the date of its occurrence, and the stockholders of the wholly-owned stockholders shall, as prescribed by Presidential Decree, pay the capital gains tax or corporate tax deferred pursuant to paragraph (1): *<Amended on Dec. 27, 2010; Dec. 19, 2017; Dec. 28, 2021; Dec. 31, 2024>*

1. Where a wholly owned subsidiary closes its business; provided, that this shall not apply where the business is discontinued due to unavoidable reasons prescribed by Presidential Decree;

2. Where the stockholders of the wholly-owning parent company or shareholders of the wholly-owned subsidiary prescribed by Presidential Decree dispose of the stocks acquired through the all-inclusive share swap, etc.; provided, this shall not apply where the stocks acquired are disposed of due to unavoidable reasons prescribed by Presidential Decree.

(3) Deleted. *<Dec. 31, 2024>*

(4) Methods for calculating capital gains on transfer of stocks; criteria for determining whether the wholly-owned subsidiary continues or discontinues continuance business; methods for calculating the amount to be included in the gross income and method of inclusion thereof; methods for calculating the book value of stocks of the wholly-owned subsidiary; submitting the detailed statement on the all-inclusive share swap, etc. under paragraphs (1) and (2); and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

Article 38-2 (Special Taxation for Incorporation of Holding Companies through Investment In Kind with Stocks)

(1) Where a Korean stockholder of a domestic corporation incorporates a holding company (including a financial holding company incorporated under the Financial Holding Companies Act; hereafter in this Article referred to as "holding company") under the Monopoly Regulation and Fair Trade Act or converts an existing domestic corporation into a holding company through investment in kind with stocks, by not later than December 31, 2029, upon fully meeting the following conditions, such stockholder may be granted the deferral of imposition of capital gains tax or corporate tax, or permission to pay such tax in installments, on an amount equivalent to gains on transfer, accruing from such investment in kind, out of the value of stocks acquired from investment in kind, according to the method prescribed in paragraph (3);

provided, if it is impossible to hold the acquired stocks or to continue the business due to unavoidable reasons prescribed by Presidential Decree, taxation may be deferred or the tax may be paid in installments, even if the requirements under subparagraph 1 or 2 are not met:

1. Where the holding company and stockholders prescribed by Presidential Decree among those who have made investment in kind shall hold the stocks acquired from the investment in kind until the last day of the business year in which the date of investment in kind falls;

2. The domestic corporation that has become a subsidiary of the holding company (hereafter referred to as "subsidiary" in this Article) through investment in kind shall continue its business until the last day of the business year in which the date of investment in kind falls.

(2) Where a Korean stockholder of a domestic corporation makes investment in kind with his/her stocks in a domestic corporation converted into a holding company (including a domestic corporation converted into a holding company pursuant to paragraph (1); hereafter in this Article referred to as "converted holding company") by means of investment in kind or corporate division (only applicable to the corporate division meeting the conditions provided in the subparagraphs of Article 46 (2) of the Corporate Tax Act or Article 47 (1) of that Act; hereafter in this Article referred to as "division"), or swaps his/her stocks with the treasury stocks of such converted holding company (hereafter referred to as "treasury stock swap" in this Article), by not later than December 31, 2029, upon fully meeting conditions provided in the subparagraphs of paragraph (1) (including cases specified in the proviso, with the exception of the subparagraphs, of that paragraph) and the following conditions, such stockholder may be granted the deferral of imposition of capital gains tax or corporate tax, or permission to pay such tax in installments, on an amount equivalent to gains on transfer, accruing from such investment in kind or treasury stock swap, out of the value of stocks acquired from investment in kind or treasury stock swap, according to the method prescribed in paragraph (3). In such cases, for the purposes of paragraph (1), a "holding company" shall be construed as "converted holding company", a "subsidiary" as "subsidiary falling short of the equity ratio", and "investment in kind" as "investment in kind or treasury stock swap" respectively:

1. That the domestic corporation’s stock holding ratio in the converted holding company shall not exceed the percentage prescribed in the main sentence of Article 18 (2) 2 of the Monopoly Regulation and Fair Trade Act (hereafter in this Article referred to as "subsidiary affiliated by lower stock holding ratio"), and stocks of either of the following corporations shall be subject to investment in kind or treasury stock swap:

(a) Another domestic corporation invested by the converted holding company as at the time of conversion into a holding company;

(b) A corporation newly established or merged by a division of the converted holding company and a corporation surviving a division;

2. That investment in kind or treasury stock swap shall be made within two years from the date of conversion into a holding company;

3. That, in cases of treasury stock swap, all stockholders of the subsidiary affiliated by lower stock holding ratio shall be allowed to participate in such treasury stock swap and this fact shall be publicly noticed, as prescribed by Presidential Decree.

(3) The method classified in the following shall apply where the imposition of capital gains tax or corporate tax is deferred or such tax is paid in installments under paragraphs (1) and (2):

1. Domestic corporation: A domestic corporation shall not include the amount equivalent to gains on a transfer in gross income for the period of the relevant business year in which the transfer takes place and three business years after the end of the relevant business year but shall include not less than the amount equally allotted to three business years after the period in gross income;

2. Resident: A resident shall pay not less than the amount equally allotted to three years from the third anniversary of the end of the deadline for filing the final tax return on capital gains for the relevant year in which a transfer takes place, as capital gains tax;

(4) Where a Korean stockholder of a domestic corporation disposes of stocks acquired through investment in kind or treasury stock swap (hereafter in this Article, referred to as "investment in kind, etc.") before paying the full amount of capital gains tax or corporate tax pursuant to paragraph (3), such stockholder shall include an amount equivalent to the ratio of the stocks disposed of and calculated by the method prescribed by Presidential Decree in gross income at the time of calculating the amount of income for the taxable year in which the stocks are disposed of or pay the amount by the deadline for filing the final tax return on capital gains tax for the relevant taxable year.

(5) If any of the following events occurs during the period prescribed by Presidential Decree, within 3 years from the date when a stockholder of a domestic corporation makes an investment in kind, etc. as prescribed in paragraph (1) or (2), such stockholder shall include the capital gains tax not included in gross income or the full amount of capital gains tax not paid in gross income at the time of calculating the amount of income for the taxable year in which such event occurs or pay the tax by the deadline for the final return on the tax base of capital gains tax for the relevant taxable year:

1. Where the holding company incorporated or converted under paragraph (1) or the converted holding company ceases to be a holding company; provided, this shall not apply to cases prescribed by Presidential Decree where it ceases to be a holding company due to an amendment to the statute establishing the standards for holding companies, such as the Monopoly Regulation and Fair Trade Act, etc.;

2. Where the converted holding company holds the stocks of a subsidiary affiliated with lower stock holding ratio at any percentage not exceeding the percentage prescribed in the main clause of Article 18 (2) 2 of the Monopoly Regulation and Fair Trade Act until the date falling on two years from the date of conversion into a holding company;

3. Where a subsidiary (including a subsidiary with an under-equity ratio) discontinues its business; provided, that this shall not apply where the business is closed due to unavoidable reasons prescribed by Presidential Decree;

4. Where stockholders prescribed by Presidential Decree, among holding companies (including converted holding companies) or stockholders who have made investment in kinds, etc. dispose of stocks acquired through investment in kind, etc.; provided, the foregoing shall not apply where such stockholder disposes of stocks acquired due to any unavoidable causes prescribed by Presidential Decree.

(6) Where a stockholder granted deferral of the imposition on capital gains or the payment of capital gains tax for a transfer of stocks following a transfer of stocks to a financial holding company controlled by another financial holding company (hereafter in this paragraph, referred to as "intermediary holding company") or a swap of stocks with those of an intermediary holding company as prescribed in paragraph (1) swaps the stocks of the intermediary holding company which the stockholder received in return for such stock swap or stock transfer with stocks of the financial holding company controlling the intermediary holding company, by not later than December 31, 2029, it shall be deemed that the stockholder does not dispose of the stocks of the intermediary holding company, notwithstanding paragraphs (4) and (5), and it shall be deemed that the stockholder disposes of the stocks of the intermediary holding company at the time of disposing of the stocks of the financial holding company received in return for the stock swap.

(7) For the purposes of paragraphs (1) through (6), the calculation of capital gains, the criteria for business continuance or closure of a subsidiary, submission of the statements of investment in kind, and other necessary matters shall be prescribed by Presidential Decree.

Article 38-3 (Special Taxation for Investment in Kind with Stocks of Foreign Subsidiaries by Domestic Corporation)

(1) Where a domestic corporation engaging in a business for at least five consecutive years establishes a new foreign corporation through investment in kind with the stocks or equity shares (hereafter in this Article referred to as "stocks, etc.") of a foreign subsidiary (referring to a foreign corporation in which a domestic corporation contributes at least 20/100 of the total outstanding stocks or total contribution amount as at the date of investment in kind; hereafter in this Article the same shall apply), or makes investment in kind in a foreign corporation already established, by not later than December 31, 2021, the domestic corporation shall include an amount equivalent to the gains from the transfer of the stocks, etc. of the foreign subsidiary accruing from such investment in kind, divided by 36 and multiplied by the number of months in each business year, in gross income, for the purposes of calculating the income amount for each business year, starting from the business year in which the fourth anniversary of the date of such transfer falls. *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018>*

(2) Where a domestic corporation which has made investment in kind with the stocks, etc. of a foreign subsidiary under paragraph (1), transfers the stocks, etc. acquired through such investment in kind before including the full amount of gains from the transfer of such stocks, etc. in gross income, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree, which is

an amount equivalent to the rate of transferred stocks, etc. out of the amount not included in gross income, in gross income, and where a domestic corporation or a foreign corporation in which the domestic corporation has made investment in kind with the stocks, etc. of a foreign subsidiary, closes its business or is dissolved, the domestic corporation or the foreign corporation shall include the full amount not included in gross income, in the gross income, for the purposes of calculating the income amount for the business year in which the date of closure or dissolution falls; provided, this shall not apply in the following cases:

1. Where any of the following corporations, which comes into existence due to a merger or division of a domestic corporation, succeeds to the stocks, etc. acquired through investment in kind by that domestic corporation:

(a) A merging corporation;

(b) A corporation newly established following a division;

(c) A counterpart corporation of a merger through division;

2. Where a domestic corporation makes re-investment in kind with the stocks, etc. of a foreign corporation, which has been acquired through investment in kind with the stocks, etc. of a foreign subsidiary, in another foreign corporation within one month.

(3) Any domestic corporation that intends to be accorded special tax treatment under paragraph (1) shall submit a statement of transfer gains from investment in kind with the stocks, etc. to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

Article 39 (Special Taxation for Assumption and Payment of Debts)

(1) Where a stockholder or investor (limited to a corporate stockholder or investor; hereafter referred to as "stockholder, etc." in this Article) of a domestic corporation assumes or pays debts of the domestic corporation, the debts assumed and paid by the stockholder, etc., out of the debts of the domestic corporation shall be included in deductible expenses up to the maximum amount prescribed by Presidential Decree when calculating the income of such stockholder, etc. in the relevant year, if either of the following conditions is satisfied: *<Amended on Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. All stocks or equity shares held by the controlling stockholder or investor of the domestic corporation and related persons to such controlling stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) shall be transferred to a person prescribed by Presidential Decree, other than the related persons, by not later than December 31, 2026 according to the financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the persons prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article);

2. A plan for liquidating the domestic corporation shall be submitted to the head of the tax office having jurisdiction over the place of tax payment of that domestic corporation, as prescribed by Presidential Decree, and the liquidation of such domestic corporation shall be completed by not later than December 31, 2027.

(2) A corporation whose debts have been reduced as a result of the assumption and payment of debts under paragraph (1) (hereafter referred to as "corporation subject to transfer, etc." in this Article) shall exclude the reduced amount of debts (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter referred to as "reduced amount of debts" in this Article) from its gross income during the period of the relevant business year and three business years after the end of the relevant business year, for the purposes of calculating the amount of its income, and shall include the reduced amount of debts in its gross income, in at least equal installments, during the subsequent three business years thereafter; provided, the reduced amount of debts shall be included in the gross income for the purpose of calculating the amount of income for the business year in which a corporation subject to transfer, etc. is dissolved, if the corporation meets the condition provided in paragraph (1) 2.

(3) For the purposes of paragraph (1) or (2), if any of the following events occurs, a corporation subject to transfer, etc. accorded special tax treatment under paragraph (2) shall include the amount excluded from gross income in the gross income, as prescribed by Presidential Decree, at the time of calculating the amount of income of that corporation for the taxable year in which the relevant event has occurred. In such cases, the corporation subject to transfer, etc. shall pay corporate tax plus the corporate tax reduction granted to the stockholder, etc. under paragraph (1) and an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree, and the relevant amount of tax shall be deemed an amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the debt ratio of the corporation subject to transfer, etc. exceeds the standard debt ratio for a three-year period after the assumption and payment of debts (limited to the corporations subject to transfer, etc. that falls under paragraph (1) 1);
2. Where the corporation subject to transfer, etc. closes its business or is dissolved within three years from the date of assumption and payment of debts, but the merging corporation, the corporation newly established as a consequence of a division, or the counterpart corporation of a division through merger does not succeed to the relevant business (limited to the corporations subject to transfer, etc. that falls under paragraph (1) 1); provided, if any unavoidable cause prescribed by Presidential Decree, such as bankruptcy, exists, the corporate tax reduction granted to the stockholder, etc. under paragraph (1) and an additional amount equivalent to interest calculated by the formula prescribed by Presidential Decree shall not be added;
3. Where the corporation subject to transfer, etc. fails to meet either of the conditions provided in paragraph (1) 1 and 2.

(4) Where deficits in the assets of a corporation subject to transfer, etc. are included in gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act for the transfer and acquisition of the corporation as prescribed in paragraph (1) 1, the corporation subject to transfer, etc. shall not withhold the income tax on the disposed amount, notwithstanding the Income Tax Act.

(5) Gains that other stockholders, etc. of a corporation obtain as a consequence of the assumption and payment of debts of the corporation under paragraph (1) shall not be deemed as a gift defined in the

Inheritance Tax and Gift Tax Act; provided, the same shall not apply to related persons prescribed by Presidential Decree, such as the stockholders, etc. who have assumed and paid the debts.

(6) The person who has approved a financial restructuring plan under paragraph (1) 1 shall annually submit the contents of the financial restructuring plan and outcomes of implementation of such plan to the head of the tax office having jurisdiction over the place of payment, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), the scope of debts, the contents and approval criteria of the financial restructuring plan, the scope of the controlling stockholder, etc., criteria for deficits in assets, the method of reporting such deficits, submission of statements of the transfer and acquisition of a corporation, submission of the corporate liquidation plan, filing applications for tax reductions, and other necessary matters shall be prescribed by Presidential Decree.

Article 40 (Special Taxation on Corporate Tax Following Transfer of Assets by Stockholder)

(1) Where a domestic corporation accepts assets gratuitously conveyed by its stockholder or investor (hereafter referred to as "stockholder, etc." in this Article) on or before December 31, 2026, upon fully satisfying the following requirements, the domestic corporation may elect to exclude the value of the assets (limited to the amount that exceeds the deficit prescribed by Presidential Decree) from its gross income for three business years after the end of the business year in which the date of acceptance of such assets falls, for the purposes of calculating the income of the relevant business year, and shall include such value in its gross income, in at least equal installments, during the subsequent three business years thereafter: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. The stockholder, etc. shall convey assets as a gift and the domestic corporation shall pay its debts according to the financial restructuring plan prescribed by Presidential Decree (limited to plans approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article);

2. The financial restructuring plan shall include contents describing that the corporation will use the full amount (referring to using the full amount to pay debts on the day following the day on which a cause disappears where any inevitable causes prescribed by Presidential Decree exist) of money by the deadline prescribed by Presidential Decree within the duration from the date such corporation accepts money to December 31, 2026, and use the full amount of the transfer price of assets, other than money, by the deadline prescribed by Presidential Decree within the duration from the date such assets are transferred (referring to the date prescribed by Presidential Decree if such assets are transferred under a long-term installment plan) to December 31, 2026 to pay debts to any financial creditor prescribed by Presidential Decree (hereafter referred to as "financial creditor" in this Article and Article 44).

(2) A stockholder, etc. (limited to a corporation) that has conveyed an asset as a gift under paragraph (1) shall include the amount prescribed by Presidential Decree, out of the value (referring to the book value) of the conveyed asset, in deductible expenses for the purposes of calculating its income for the relevant

business year.

(3) Where a stockholder, etc. transfers an asset held by him/her as the time the stockholder, etc. conveys an asset as a gift to a corporation under paragraph (1) and donates the transfer price of that asset to the corporation on or before December 31, 2026, the stockholder, etc. is eligible for a full exemption from capital gains tax on an amount equivalent to the donated amount prescribed by Presidential Decree (hereafter referred to as "amount equivalent to gains from transfer" in this Article), out of gains accruing from the transfer of such asset shall be exempt from capital gains tax or may exclude the same amount from the gross income, as follows: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

1. Residents: A tax exemption equivalent to 100/100 of the capital gains tax on the amount equivalent to the gains from transfer;
2. Domestic corporations: Excluding the amount equivalent to gains from transfer from the gross income when calculating the amount of income for the relevant business year.

(4) If any of the following events occurs, a corporation that has accepted an asset conveyed as a gift under paragraph (1) shall include the amount excluded from the gross income under paragraph (1), in the gross income, as prescribed by Presidential Decree, when calculating the amount of income for the business year in which the relevant event occurs. In this regard, the tax reduction or exemption granted under paragraphs (2) and (3) shall be levied in addition to the amount of corporate tax to be paid by that corporation:

1. Where the domestic corporation fails to pay debts according to the financial restructuring plan;
2. Where the corporation’s debt ratio exceeds the standard debt ratio during a three-year period after the payment of debts;
3. Where the corporation closes its business or is dissolved within three years from the date of acceptance of the asset conveyed as a gift under paragraph (1), but the merging corporation, the corporation newly established as a consequence of a division, or the counterpart corporation of a merger through division does not succeed to the relevant business; provided, if any unavoidable cause prescribed by Presidential Decree, such as bankruptcy, exists, the corporate tax reduction or exemption granted under paragraphs (1) and (2) shall not be added.

(5) An additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be added to the amount of tax to be paid by a corporation under paragraph (4), and the relevant amount of tax shall be deemed the tax amount payable under Article 64 of the Corporate Tax Act; provided, the same shall not apply if the corporation is subject to the proviso of paragraph (4) 3.

(6) Gains that other stockholders, etc. of a corporation obtain as the corporation accepts an asset gratuitously conveyed by the stockholders, etc. as a gift under paragraph (1) shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act; provided, the same shall not apply to the related persons, such as the stockholders, etc. who have conveyed such asset as a gift. *<Amended on Dec. 31, 2011>*

(7) The person who has approved a financial restructuring plan under paragraph (1) 1 shall annually submit the contents of the financial restructuring plan and outcomes of implementation of such plan to the

head of the tax office having jurisdiction over the place of payment, as prescribed by Presidential Decree.

(8) For the purposes of paragraphs (1) through (7), the time of transfer, the contents and approval criteria of the financial restructuring plan, calculation of the debt ratio and the standard debt ratio, the scope of related persons, filing applications for tax reductions or tax exemptions, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

Article 41 Deleted. *<Dec. 31, 2007>*

Article 41-2 Deleted. *<Dec. 26, 2008>*

Article 42 Deleted. *<Dec. 29, 2001>*

Article 43 (Reduction or Exemption, etc. of Capital Gains Tax on Acquisitor of Real Estate Subject to Restructuring)

(1) Where any person who has acquired on or before December 31, 1999 the real estate eligible for reduction or exemption from the capital gains tax under Article 40 (1) (hereafter in this Article, referred to as "real estate subject to restructuring") transfers the relevant real estate within five years from the date of its acquisition, the tax amount equivalent to 50/100 of the capital gains tax on the income accruing from such transfer shall be reduced or exempted, and where he or she transfers the relevant real estate subject to restructuring after the lapse of five years from the date of its acquisition, the amount equivalent to 50/100 of the capital gains accruing for five years from the date of acquisition of the relevant real estate subject to restructuring shall be subtracted from his or her income amount subject to the taxation of the capital gains tax.

(2) A person seeking to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(3) The confirmation of real estate subject to restructuring, and the calculation of capital gains amount accruing for five years from the date of its acquisition under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

Article 43-2 Deleted. *<Dec. 26, 2008>*

Article 44 (Special Taxation for Gains from Debt Relief of Corporations Implementing Financial Restructuring Plans)

(1) Where a domestic corporation is partially relieved from its debts owed to a financial creditor by not later than December 31, 2026 and meets any of the following conditions, the domestic corporation shall exclude the equivalent to the debts relieved (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter in this Article, referred to as "gains from debt relief") from its gross income

for the relevant business year and three business years after the end of the relevant business year, for the purposes of calculating the amount of income, and shall include such amount, in at least equal installments, in its gross income for the subsequent three business years thereafter: *<Amended on Dec. 19, 2011; Jan. 1, 2013; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Where the corporation for which a decision has been made to authorize its rehabilitation plan under the Debtor Rehabilitation and Bankruptcy Act, is partially relieved from its debts owed to a financial creditor; and the amount of debts to be relieved is included in the decision thereof;
2. Where a potentially insolvent company which has entered into an agreement to implement the corporate improvement plan under Article 14 (1) of the Corporate Restructuring Promotion Act, is partially relieved from its owed debts to a financial creditor; and the amount of debts to be relieved is included in the agreement and the company is partially relieved from its debts concerning a counter-creditor's exercise of bond purchase claim under Article 27 of that Act;
3. Where the domestic corporation is relieved from its debts under an agreement between the financial creditors retaining receivables, as prescribed by Presidential Decree;
4. Other cases prescribed by Presidential Decree, where the domestic corporation is relieved from its debt under the relevant Acts.

(2) Where a company entering into an agreement under the Corporate Restructuring Investment Companies Act, is partially relieved from its debts in the process of having its debt converted into equity shares by the corporate restructuring investment company, gains from such debt relief shall be included in the gross income by applying mutatis mutandis paragraph (1).

(3) Where any corporation relieved from its debts under paragraph (1), closes its business or is dissolved before fully including the gains from debt relief in its gross income, the corporation shall add the total amount not included in its gross income to its gross income for the purposes of calculating its income for the business year in which the date of such closure or dissolution falls.

(4) A financial creditor (excluding any corporate restructuring investment company established under the Corporate Restructuring Investment Companies Act) that has relieved corporations from their debts under paragraph (1) (including debt relief through debt-equity swap) shall include the equivalent to relieved debts in its deductible expenses for the purposes of calculating the amount of its income for the relevant business year. *<Amended on Dec. 20, 2016; Dec. 19, 2017>*

(5) For the purposes of paragraphs (1) through (4), submitting statements of debt relief; filing applications for tax reductions or exemptions; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

Article 45 (Special Taxation for Reduction of Capital)

(1) Where a domestic corporation receives stocks or investment shares (hereafter referred to as "stock, etc." in this Article) of the domestic corporation from its stockholders or investors (hereafter referred to as "stockholders, etc." in this Article) for free under the financial restructuring plan prescribed by

Presidential Decree (limited to those approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article) and retires them on or before December 31, 2012, the value of the relevant stocks, etc. (limited to the amount exceeding the deficit prescribed by Presidential Decree) shall not be added to the gross income when calculating the income of the relevant business year. *<Amended on Dec. 27, 2010>*

(2) Article 52 of the Corporate Tax Act shall not apply to stockholders, etc. who have donated stocks, etc. under paragraph (1) (limited to a corporation), and where such stockholders, etc. have donated the entire stocks, etc. that they have possessed, the value of the relevant stocks, etc. (referring to the book value) shall be added to deductible expense when computing the income of the relevant business year.

(3) Profits other stockholders, etc. of the relevant corporation make as the corporation receives stocks, etc. for free from the stockholders, etc. and retires them under paragraph (1) shall not be deemed donation under the Inheritance Tax and Gift Tax Act or the gross income under the Corporate Tax Act; provided, the same shall not apply to the related persons of stockholders, etc. who have donated stocks, etc. *<Amended on Dec. 31, 2011>*

(4) In applying paragraphs (1) through (3), contents and approval standard of a financial restructuring plan, the scope of the related persons, filing applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

Article 45-2 (Special Taxation for Corporate Split for Restructuring of Public Institutions)

Where a domestic corporation (hereinafter referred to as "public institution") designated as public institution under Article 4 of the Act on the Management of Public Institutions conducts a split-off prescribed by Presidential Decree as prescribed in Articles 530-2 through 530-11 of the Commercial Act no later than December 31, 2010 for restructuring, such as privatization, etc., and such split-off meets the requirements prescribed by Presidential Decree, provisions concerning split-off of this Act, the Corporate Tax Act and Value-Added Tax Act shall apply to such split-off deeming to be meeting the requirements in the subparagraphs of Article 46 (1) of the Corporate Tax Act.

Article 46 (Special Taxation for Exchange of Stocks, etc. between Enterprises)

(1) Where the controlling stockholder or investor of a domestic corporation (hereafter referred to as "exchanged corporation" in this Article) or a related person to such stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) transfers all stocks or equity shares (hereafter referred to as "stocks, etc." in this Article) held by him/her on or before December 31, 2017 in accordance with a financial restructuring plan prescribed by Presidential Decree (limited to the plan approved by the person prescribed by Presidential Decree; hereafter referred to as "financial restructuring plan" in this Article) and acquires stocks, etc. of any domestic corporation (hereafter referred to as "transferred corporation for exchange" in this Article), other than the related persons prescribed by Presidential Decree to the exchanged corporation, in proportion to the holding ratio by either of the following methods, the

imposition of capital gains tax on an amount equivalent to the gains from the transfer of such stocks, etc. (including the gains accruing to the transferred corporation for exchange and the controlling stockholder, etc. of the transferred corporation for exchange) or corporate tax may be deferred until the stocks, etc. so acquired are disposed of (including inheritance or conveyance as a gift), as prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Dec. 31, 2011; Dec. 23, 2014; Dec. 15, 2015; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. Acquiring the stocks, etc. held or newly issued by the transferred corporation for exchange;
2. Acquiring all stocks, etc. held by the controlling stockholder, etc. of the transferred corporation for exchange (limited to where the corporate groups (referring to the corporate groups defined under subparagraph 11 of Article 2 of the Monopoly Regulation and Fair Trade Act; the same shall apply hereafter in this Article) to which the exchanged corporation and the transferred corporation for exchange belong are different from one another).

(2) Where deficits in the assets found in the course of transfer and acquisition of the exchanged corporation under paragraph (1) 2 are added to the gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act, the exchanged corporation shall not withhold income tax on the amount of disposal, notwithstanding the Income Tax Act.

(3) Where any of the following events occurs, a stockholder, etc. who has transferred stocks, etc. of the exchanged corporation under paragraph (1) 2 shall either pay the amount of tax unpaid for the taxable year in which the relevant event occurs or add the amount included in the deductible expense, to the gross income at the time of calculating the amount of income. In such cases, an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be paid in addition to the capital gains tax or corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act or Article 76 of the Income Tax Act: *<Amended on Dec. 23, 2014; Dec. 28, 2021; Dec. 31, 2024>*

1. Where a corporation engaging in the same type of business as that of the exchanged corporation becomes affiliated with the corporate group with which the exchanged corporation was affiliated, within five years after the end of the business year in which stocks, etc. were transferred;
2. Where the controlling stockholder, etc. re-hold stocks, etc. of the exchanged corporation again within five years after the end of the business year in which stocks, etc. were transferred;

(4) Where a domestic corporation exchanges all stocks, etc. it acquired through the spin-off defined under Article 47 of the Corporate Tax Act or an investment in kind under Article 47-2 of that Act with the stocks, etc. of any other corporation pursuant to paragraph (1), the tax-deferred amount as included in deductible expenses and equivalent to the gains from transfer of assets as at the time of the investment in kind or spin-off may be re-deferred, as prescribed by Presidential Decree.

(5) The person who has approved the financial restructuring plan of the exchanged corporation which has transferred stocks, etc. under paragraph (1) 2 shall annually submit the contents of the financial restructuring plan and outcomes of implementation of the plan, to the head of the tax office having

jurisdiction over the place of payment, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (5), the scope of controlling stockholders, etc., methods of transfer and acquisition of stocks, etc., calculation of gains from transfer eligible for inclusion in deductible expense, contents and approval criteria of the financial restructuring plan, submission of statements on the transfer and acquisition of stocks, etc., the scope of debts, filing applications for tax reductions and exemptions, and other necessary matters shall be prescribed by Presidential Decree.

Article 46-2 (Special Taxation for Corporate Stock Exchange, etc. for Strategic Partnership with Venture Business)

(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter in this Article the same shall apply) of a corporation, that is a stock company, (hereafter in this Article referred to as "affiliated corporation") exchanges stocks of the affiliated corporation with the treasury stocks of a venture business (excluding stock-listed corporations under the Financial Investment Services and Capital Markets Act; hereafter in this Article the same shall apply) or receives stocks which are newly issued by the venture business and whose value is equivalent to investment amount, in return for his/her investment in kind no later than December 31, 2009, upon meeting all the following requirements, the taxation of capital gains tax on the margin accruing from such exchange or acquisition of new stocks may, as prescribed by Presidential Decree, be deferred until the relevant stockholder disposes of stocks of the venture business, which he/she acquires by means of stock exchange or investment in kind (hereafter in this Article referred to as "stock exchange, etc."): *<Amended on Dec. 31, 2011; Dec. 28, 2021; D>*

1. That the strategic partnership program should be implemented between the venture business and the affiliated corporation, as prescribed by Presidential Decree, and stock exchange, etc. should be made according to such program;

2. That a related person prescribed by Presidential Decree to a stockholder of the affiliated corporation should not be in any special relationship prescribed by Presidential Decree with the largest stockholder prescribed by Presidential Decree of the venture business;

3. That the affiliated corporation and the venture business should enter into an agreement stipulating that the stocks acquired by the stockholder of the affiliated corporation through stock exchange, etc. and the stocks acquired by the venture business through stock exchange, etc. must be held for at least one year, respectively.

(2) Where the stockholder of the affiliated corporation who was allowed to defer capital gains tax under paragraph (1) violates paragraph (1) 3, he/she shall, as prescribed by Presidential Decree, pay the capital gains tax so deferred. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(3) Any person who wishes to be granted deferral of capital gains tax under paragraph (1) shall file an application therefor as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 46-3 (Special Taxation for Corporate Stock Exchange, etc. for Strategic Partnership of Logistics Enterprises)

(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter in this Article the same shall apply) of any small or medium corporation (hereafter in this Article referred to as "partnership logistics corporation") that runs the logistics business exchanges his/her own stocks with the treasury stocks of any other small or medium corporation (excluding listed corporations under the Financial Investment Services and Capital Markets Act; hereafter in this Article referred to as "partnership counterpart logistics corporation") that runs the logistics business, or receives stocks which are newly issued by the partnership counterpart logistics corporation and whose value is equivalent to investment amount, in return for his/her investment in kind, on or before December 31, 2009 upon meeting all the following requirements, the taxation of capital gains tax on the margin accruing from such exchange or acquisition of new stocks may be deferred until the stockholder disposes of the stocks of the partnership counterpart logistics corporation, which he/she acquires by means of stock exchange or investment in kind (hereafter in this Article referred to as "stock exchange, etc."), as prescribed by Presidential Decree: *<Amended on Dec. 31, 2011; Dec. 28, 2021; Dec. 31, 2024>*

1. That the strategic partnership program should be implemented between the partnership logistics corporation and the partnership counterpart logistics corporation, as prescribed by Presidential Decree, and stock exchange, etc. should be made according to such program;
2. That a stockholder of the partnership logistics corporation and anyone specially related to the relevant stockholder should not be in any special relationship prescribed by Presidential Decree with the largest stockholder of the partnership counterpart logistics corporation;
3. That the partnership logistics corporation and the partnership counterpart logistics corporation should enter into an agreement stipulating that any stockholder of the partnership logistics corporation should hold any stock acquired through the stock exchange, etc. and the partnership counterpart logistics corporation should hold any stock acquired through the stock exchange, etc. for at least one year, respectively.

(2) In the application of paragraph (1), matters concerning the scope of the logistics business, the scope of the largest stockholder, and the scope of the specially related person shall be prescribed by Presidential Decree.

(3) Article 46-2 (2) and (3) shall apply mutatis mutandis to the special taxation for stock exchange, etc. for the strategic partnership of logistics corporations. In such cases, "affiliated corporation" shall be construed as "partnership logistics corporation."

Article 46-4 (Special Taxation of Corporate Tax on Margins Accruing from Transfer of Self-Logistics Facilities)

(1) With respect to an amount equivalent to the gains from transfer that occur from the transfer of the self-logistics facilities prescribed by Presidential Decree (hereafter referred to as "self-logistics facilities" in this Article) on or before December 31, 2013, which is derived by a domestic corporation falling under a small or medium enterprise that has continued to run its business without interruption for not less than one year, the amount calculated pursuant to Presidential Decree shall not be required to be included in the gross income in calculating its income for the business year concerned. In such cases, not less than the amount obtained by equally dividing the relevant amount shall be included in the gross income during the period of each of three business years from the business year whereto belongs the date on which three years lapse after the end of the business year to which the transfer date belongs. *<Amended on Dec. 31, 2011>*

(2) Where any domestic corporation to whom the provisions of paragraph (1) were applied discontinues or shuts down its business within three years from the date on which the self-logistics facilities were transferred or fails to satisfy the requirements that fall under any of the following subparagraphs, it shall include the amount calculated pursuant to Presidential Decree in the gross income at the time of calculating the income amount for the business year whereto belongs the date on which such cause occurs. In such cases, with respect to the amount to be included in the gross income, the latter part of Article 33 (3) shall apply mutatis mutandis: *<Amended on Dec. 31, 2011; Dec. 24, 2018>*

1. It is required that the logistics expenses (hereafter referred to as "third party logistics expenses" in this Article and Article 104-14) disbursed to persons other than the related parties defined in subparagraph 12 of Article 2 of the Corporate Tax Act out of the distribution expenses defrayed during respective business years for the period fixed by Presidential Decree after the self-logistics facilities are transferred be not less than 70/100 of the total distribution expenses;

2. It is required that the third party logistics expenses disbursed during respective business years for the period fixed by Presidential Decree be not less than an amount obtained by multiplying the gains from transfer that occur from the transfer of the self-logistics facilities by the rates referred to in items (a) and (b):

(a) Tax rate provided for in Article 55 of the Corporate Tax Act;

(b) Interest rate prescribed by Presidential Decree in consideration of the interest rates to which the financial institutions apply.

(3) In the application of paragraphs (1) and (2), the scope of logistics expenses, the submission of a specification of the transfer margin, and other necessary matters shall be prescribed by Presidential Decree.

Article 46-5 (Special Taxation on Division of Logistics Business)

Where a domestic corporation is merged with a corporation specialized in logistics prescribed by Presidential Decree (hereafter referred to as "logistics-specialized corporation" in this Article) after dividing the section of logistics business on or before December 31, 2009, which meets all the

requirements of the following subparagraphs, and a corporation that is newly incorporated after such division or a counterpart corporation of the merger through division appraises and succeeds to the assets of the divided corporation or the extinguished counterpart corporation of the merger through division, an amount equivalent to the gains from transfer that occur from the division appraisal of the relevant assets in the value of the assets acquired by succession (limited to the assets prescribed by Presidential Decree) may be included in the deductible expenses at the time of calculating the income amount of the business year whereto belongs the date on which the division is registered pursuant to the main sentence of Article 46 (1) of the Corporate Tax Act other than each subparagraph; provided, this shall not apply to cases where the divided corporation, the corporation that is newly incorporated after such division or the counterpart corporation of the merger through division falls under any such related parties defined in subparagraph 12 of Article 2 of the Corporate Tax Act: *<Amended on Dec. 31, 2011; Dec. 24, 2018>*

1. That the split-off shall be the one conducted as prescribed by Presidential Decree by the domestic corporation that has continued to operate its business for not less than one year as at the date of registration of split-off;
2. That the domestic corporation falls under Article 46 (1) 2 and 3 of the Corporate Tax Act.

Article 46-6 (Special Taxation for Succession to Deficits Carried Forward following Merger of Logistics Corporations)

Where a corporation engaged in the logistics industry (hereafter referred to as "logistics corporation" in this Article) is merged with any other logistics corporation on or before December 31, 2009, which meets all the following requirements, the deficits of the disappearing corporation in the merger (hereinafter referred to as "merged corporation") provided for in Article 13 (1) 1 of the Corporate Tax Act as at the date on which the merger is registered may be deducted in calculating the tax base for each business year of the merging corporation pursuant to Article 45 of the abovementioned Act within the scope of the amount prescribed by Presidential Decree: *<Amended on Dec. 24, 2018>*

1. That the corporation shall meet all the requirements referred to in subparagraphs of Article 44 (1) of the Corporate Tax Act;
2. That the merging corporation shall succeed to the assets of the merged corporation in its book value;
3. That the stocks or equities received by the stockholders, partners, or investors of the merged corporation shall be at least 3/100 of the total number of stocks issued by, or the total amount of owner' equity in, the merging corporation as at the registration date of merger by the merging corporation;
4. That the corporation shall fall under Article 45 (1) 3 of the Corporate Tax Act.

Article 46-7 (Special Taxation for Swap of Unlisted Stocks for Strategic Partnership)

(1) Where a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by a corporation; hereafter the same shall apply in this Article) of a venture business (including small or medium enterprises which invest at least five percent of their sales prescribed by Presidential

Decree in research and development of human resources and technologically innovative small and medium enterprises prescribed by Presidential Decree; hereafter in this Article, referred to as "venture business, etc."), excluding stock-listed corporations as defined in the Financial Investment Services and Capital Markets Act (limited to stock-listed corporations not listed on KONEX), swaps stocks of the venture business, etc. held by him/her with the treasury stocks held by a stock corporation (hereafter referred to as "affiliated corporation" in this Article) or stocks held by a stockholder (referring to a stockholder who holds at least 10/100 of the total number of stocks issued by the affiliated corporation; hereafter the same shall apply in this Article) of the affiliated corporation, or receives stocks newly issued by the affiliated corporation in a value equivalent to the investment amount, in return for his/her investment in kind, on or before December 31, 2027, upon fully meeting the following requirements, the imposition of capital gains tax on the gains from such swap or acquisition may be deferred, as prescribed by Presidential Decree, until the stockholder disposes of the stocks of the affiliated corporation, which he/she acquires through stock swap or investment in kind (hereafter referred to as "stock swap, etc." in this Article): *<Amended on Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2024>*

1. That the strategic partnership program shall be implemented between the venture business, etc., and the affiliated corporation, as prescribed by Presidential Decree, and stock swap, etc. shall be made according to such program;
2. That a related person prescribed by Presidential Decree to any stockholder of the venture business, etc. shall not be in any special relationship prescribed by Presidential Decree with the largest stockholder prescribed by Presidential Decree of the affiliated corporation;
3. That the venture business, etc. and the affiliated corporation shall enter into an agreement stipulating that the stocks acquired by the stockholders of the venture business, etc. through stock swap, etc., and the stocks acquired by the affiliated corporation or the stockholders of the affiliated corporation through stock swap, etc. must be held for at least one year, respectively.

(2) Where the stockholders of venture enterprises, etc. allowed to defer capital gains tax under paragraph (1) shall, if grounds for violating a contract under paragraph (1) 3 arise, pay the capital gains tax so deferred, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(3) Any person who wishes to be granted deferral of capital gains tax under paragraph (1) shall file an application therefor as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 46-8 (Special Taxation for Re-Investment in Venture Businesses after Sale of Stocks)

(1) Where a stockholder of a venture business or a stockholder prescribed by Presidential Decree of an enterprise in which case seven years have not passed since it ceased to be a venture business (hereafter in this Article, referred to as "enterprise for sale"), transfers stocks of the enterprise for sale that he/she holds at least the percentage prescribed by Presidential Decree to any person, other than a related party prescribed by Presidential Decree, and makes a contribution or investment of at least 50/100 of the proceeds from such transfer (hereinafter referred to as "re-investment") by not later than December 31,

2026, upon fully meeting the following conditions, the imposition of capital gains tax on the amount used in the re-investment may be deferred until the stockholder disposes of the stocks or equity shares acquired by re-investment (including where an enterprise in which re-investment has been made, closes its business), as prescribed by Presidential Decree; provided, the same shall not apply where re-investment is made by acquiring any third person's equity shares, investment shares, or beneficiary certificates, or by making a re-investment after disposing of the stocks or equity shares acquired by re-investment: *<Amended on Jan. 28, 2015; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Feb. 11, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. That the stockholder shall make any of the following re-investments within the period prescribed by Presidential Decree from the date he or she transfers the stocks under paragraph (1):

(a) Contributing to a venture investment fund, a new technology venture capital fund, or a specialized investment fund;

(b) Investing in beneficiary certificates of a venture business investment trust prescribed by Presidential Decree (hereafter in this Article, referred to as "venture business investment trust");

(c) Investing the amount contributed to an association established under Article 12 of the Venture Investment Promotion Act, as prescribed by Presidential Decree, in a venture business or an equivalent small or medium enterprise prescribed by Presidential Decree for which three years have not passed since its incorporation (hereafter in this Article, referred to as "venture business, etc.");

(d) Investing in a venture business, etc.;

2. A related party prescribed by Presidential Decree to any stockholder of the enterprise for sale shall not be in any special relationship prescribed by Presidential Decree with the largest stockholder of the venture business, etc. referred to in subparagraph 1 (c) or (d);

3. The stocks or equity shares acquired by re-investment shall be held for at least three years.

(2) Any person who wishes to be granted deferral of capital gains tax under paragraph (1) shall file an application therefor within the period for preliminary return, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(3) If any person granted deferral of capital gains tax under paragraph (1), violates paragraph (1) 1 or 3, the person shall pay the capital gains tax deferred, as prescribed by Presidential Decree; and where the person violates paragraph (1) 1, the amount of capital gains tax payable shall be calculated by deeming that he/she has filed a tax return within the period for preliminary return but fails to pay such tax, except where no re-investment has been made on the grounds prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 47 (Special Taxation on Acquisition of Multiple Voting Stocks of Venture Business)

(1) Where a startup owner under Article 16-11 (5) of the Special Act on the Promotion of Venture Businesses (hereafter referred to as "startup owner" in this Article) makes a payment for multiple voting stocks under paragraph (1) of the same Article (hereafter in this Article, referred to as "multiple voting

stocks") with common stocks pursuant to paragraph (8) of that Article, capital gains tax accruing from such payment may be deferred until the relevant multiple voting stocks are converted into common stocks under Article 16-12 (1) of the same Act, as prescribed by Presidential Decree.

(2) If multiple voting stocks fall under Article 16-12 (2) of the Special Act on the Promotion of Venture Businesses, a startup owner to whom the capital gains tax is deferred pursuant to paragraph (1) shall pay the deferred capital gains tax, as prescribed by Presidential Decree.

(3) Any person who desires to be allowed to defer capital gains tax under paragraph (1) shall file an apply therefor, as prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 47-2 Deleted. *<Dec. 26, 2008>*

Article 47-3 (Special Taxation for Succession to Deficit Carried Forward following Merger with Venture Businesses)

Where a corporation (including a venture business) merges with a venture business no later than December 31, 2012 while meeting the requirements listed in the subparagraphs of Article 44 (2) of the Corporate Tax Act (in such cases, in applying subparagraph 1 of that paragraph, where one year has passed since a venture business acquired asset or paid expenses for the purpose of implementing projects, such as research, development, etc., such venture business shall be deemed to have been operated continuously for not less than one year), the deficit under Article 13 (1) 1 of the Corporate Tax Act of the merged corporation as at the registration date of merger may be deducted when the tax base for each business year of the merging corporation is calculated in accordance with Article 45 of that Act within the limit of amount prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

SECTION 6 Special Taxation for Restructuring Financial Institutions

Article 47-4 (Special Taxation for Transfer of Redundant Assets following Merger)

(1) Where any assets become redundant as a consequence of a merger (including a merger through division, but limited to a merger of corporations engaging in the same type of business) between domestic corporations engaging in the type of business prescribed by Presidential Decree, including pharmaceutical business, by not later than December 31, 2021, and the merging corporation transfers the redundant assets within one year from the date the merger is registered, the merging corporation may exclude the amount calculated by the formula prescribed by Presidential Decree, out of the proceeds from the transfer of such redundant assets (including proceeds on the valuation of such redundant assets upon the merger or proceeds on the valuation of such redundant assets upon the division) from the gross income, for the

purposes of calculating the amount of its income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, for three business years starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018>*

(2) Where a domestic corporation subject to paragraph (1) closes its business or is dissolved within three years from the date the merger is registered, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree in its gross income for the purposes of calculating the amount of income of the business year in which the date of such closure or dissolution falls. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount included in the gross income. *<Amended on Dec. 20, 2016>*

(3) For the purposes of paragraph (1), the scope of redundant assets; submitting the statements of proceeds from transfer; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 20, 2016>*

Article 48 (Special Taxation for Reserves for Structural Improvement)

(1) Where the Korea Federation of Saving Banks established under Article 25 of the Mutual Savings Banks Act (hereafter referred to as the "Korea Federation of Savings Banks" in this Article) accumulates the reserves for structural improvement prescribed by Presidential Decree (hereafter referred to as "reserves for structural improvement" in this Article) to use such reserves for structural improvement projects of mutual savings banks, such as take-over of insolvent mutual savings banks (referring to take-over defined in subparagraph 4 of Article 2 of the Act on the Structural Improvement of the Financial Industry), and increase of capital (hereafter referred to as "structural improvement projects" in this Article) until the business year in which June 30, 2013 falls, the amount equivalent to such reserves shall be included in the deductible expense when computing the income of the relevant business year.

(2) Where the Korea Federation of Saving Banks appropriates the profits accruing from operating the reserves for structural improvement for the reserve for loss compensation in order to compensate for losses arising from structural improvement projects until the business year in which June 30, 2013 falls, the relevant amount shall be included in the deductible expense when computing the income of the relevant business year.

(3) Where any loss is incurred from structural improvement projects, the Korea Federation of Saving Banks shall offset such loss by the reserves for loss compensation in good order of appropriation.

(4) Where any balance of the reserve remains after appropriation under paragraph (3) by the ending date of the business year in which the date 5 years elapse falls since the ending date of the business year when the reserve for loss compensation shall be included in the deductible expense, the Korea Federation of Saving Banks shall include the amount in the gross income when computing the income of the business year in which the date 5 years elapse falls.

(5) In any of the following circumstances, the Korea Federation of Saving Banks shall add the amount included in the deductible expense under paragraphs (1) and (2) to the gross income in the manners prescribed by Presidential Decree:

1. Where the reserves for structural improvement are abolished;
2. Where the reserves for structural improvement is partially transferred to other accounts of the Korea Federation of Saving Banks from the account for the reserves for structural improvement;
3. Where the Korea Federation of Saving Banks is dissolved.

(6) Where the Korea Federation of Saving Banks wishes to secure tax credits under paragraphs (1) and (2), it shall submit a specification of the reserves for loss compensation to the head of the district tax office in the place of tax payment.

(7) Where the Korea Federation of Saving Banks accumulates the reserves for structural improvement, it shall keep separate accounting of the reserves for structural improvement from other accounts of the Korea Federation of Savings Banks under Article 113 of the Corporate Tax Act.

(8) For the purposes of paragraphs (1), (2) and (6), submission of a specification of reserves for loss compensation, and other necessary matters shall be prescribed by Presidential Decree.

Article 49 Deleted. <*Dec. 26, 2008*>

Article 50 Deleted. <*Dec. 29, 2001*>

Article 51 Deleted. <*Dec. 29, 2001*>

Article 52 (Special Taxation of Corporate Tax on Takeover of Assets or Debts by Financial Institutions)

Where any financial institution as defined under subparagraph 1 of Article 2 of the Act on the Structural Improvement of the Financial Industry (hereafter referred to as "underwriting financial institution" in this Article) takes over debts that exceed the value of assets of an insolvent financial institution (hereinafter referred to as "insolvent financial institution") as defined under subparagraph 3 of Article 2 of the aforesaid Act, by not later than December 31, 2026, in accordance with an order to transfer contracts, as a timely corrective measure taken under Article 10 of the aforesaid Act (hereafter referred to as "timely corrective measure" in Article 117) or a decision on transfer of contracts under Article 14 (2) of the aforesaid Act (hereafter referred to as "decision on contract transfer" in Article 117) and fully satisfies the following requirements, it shall include the amount of transferred debts that exceed the value of transferred assets (hereafter referred to as "net debts" in this Article) in its deductible expenses when calculating its income for the relevant business year: <*Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023*>

1. That the underwriting financial institution should be compensated for the amount equivalent to the net debts by the Korea Deposit Insurance Corporation under Article 3 of the Depositor Protection Act (hereinafter referred to as the "Korea Deposit Insurance Corporation");

2. That the values of assets and debts transferred to the underwriting financial institution should be the value verified by the Governor of the Financial Supervisory Service.

Article 52-2 Deleted. *<Dec. 26, 2008>*

Article 53 Deleted. *<Dec. 28, 1999>*

Article 54 Deleted. *<Dec. 26, 2008>*

Article 55 Deleted. *<Dec. 26, 2008>*

Article 55-2 (Special Taxation for Self-Managed Real Estate Investment Companies)

(1) Deleted. *<Dec. 30, 2006>*

(2) Deleted. *<Dec. 30, 2006>*

(3) Deleted. *<Dec. 29, 2001>*

(4) Where a self-managed real estate investment trust as defined under subparagraph 1 (a) of Article 2 of the Real Estate Investment Company Act (hereafter referred to as "self-managed real estate investment trust" in this Article), builds new housing units below the size prescribed by Presidential Decree (hereinafter referred to as "national housing units"), or purchases national housing units, which have never been occupied by any person at the time of their acquisition to operate a lease business, on or before December, 31, 2009, it is entitled to deduct an amount equivalent to the 50/100 of the income amount accruing from the lease of the national housing units from its income for each business year during a period from the business year in which the first income accrued from such lease business (or the taxable year in which the fifth anniversary of the date of commencement of the lease business falls, if no income accrues from the lease business from the taxable year in which the business commences to the taxable year in which the fifth anniversary of the date of commencement of the business falls) and subsequent five business years that end within five years from the first day of the following business year. *<Amended on Jan. 1, 2010; Dec. 15, 2015>*

(5) Where a self-managed real estate investment company builds any of the following houses or purchases any of such houses, which have never been occupied by any person at the time of its acquisition, to operate a lease business, on or before December 31, 2021, it is entitled to deduction of an amount equivalent to 100/100 of the income accruing from the lease of such houses from its income for each business year during the period starting from the business year in which the first income accrues from the lease business (or the taxable year in which the fifth anniversary of the date of commencement of the lease

business falls, if no income accrues from the lease business from the taxable year in which the business commences to the taxable year in which the fifth anniversary of the date of commencement of the business falls) and subsequent taxable years that end within eight years (five years, in cases of the houses specified in subparagraph 2) from the first day of the following taxable year: *<Added on Jul. 25, 2011; Jan. 1, 2013; Dec. 15, 2015; Jan. 16, 2018; Dec. 24, 2018>*

1. Houses below the size prescribed by Presidential Decree, among public-supported private rental housing units defined in subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or long-term general private rental housing units defined under subparagraph 5 of Article 2 of that Act;
2. Houses below the size prescribed by Presidential Decree, among houses that do not fall within the category of subparagraph 1.

(6) Where a self-managed real estate investment company seeking to be accorded special tax treatment under paragraphs (4) and (5) concurrently engages in the business eligible for the tax deduction and any other businesses, it shall keep separate accounting pursuant to Article 113 of the Corporate Tax Act. *<Added on Jul. 25, 2011; Dec. 15, 2015>*

(7) For the purposes of paragraphs (4) and (5), the calculation of the amount of income deductions, filing applications for income deductions, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec, 29, 2001; Dec. 30, 2006; Jul. 25, 2011>*

Article 56 Deleted. *<Dec. 29, 2001>*

Article 57 (Business Year for Profits or Losses Arising from Investments in Securities Market Stabilization Fund, etc.)

With respect to the business year whereto belong any profits or losses arising to a corporation from investing, not later than December 31, 2004, in an association prescribed by Presidential Decree which has been organized to stabilize the securities market or the investment trust market through investment, etc. in the listed securities, the business year during which the association has actually distributed such profits and losses to the corporation shall become the business year whereto belong such profits and losses, notwithstanding Article 40 of the Corporate Tax Act.

SECTION 7 Special Taxation for Balanced Regional Development

Article 58 (Tax Credit on Hometown Love Donations)

(1) Where a resident makes Hometown Love Donations to a local government pursuant to the Hometown Love Donation Act, the amount calculated by the following formulas shall be deducted from the amount of global income tax for the relevant taxable year in which the donations are made; provided, if the resident is a business entity, subparagraph 1 shall apply to an amount of 100,000 won or less, and an amount exceeding 100,000 won shall be included in deductible expenses up to the amount of income less

a deficit carried forward: *<Amended on Dec. 31, 2024>*

1. If the donated amount is 100,000 won or less: Hometown Love Donation × 100/110
2. If the donated amount is more than 100,000 won but not more than 20 million won: 100,000 won × 100/110 + (Hometown Love Donations - 100,000 won) × 15/100

(2) The amount of the tax credit granted under paragraph (1) shall not exceed the amount of global income tax for the relevant taxable period; if a resident is a business entity and includes the donations in necessary expenses, the amount so included shall not exceed the amount of income for the relevant taxable period less the deficit carried forward under Article 45 of the Income Tax Act.

(3) Articles 34 (2) and 59-4 (4) of the Income Tax Act shall not apply to Hometown Love Donations for a tax credit is granted or that are included in necessary expenses and Hometown Love Donations made in excess of the limit prescribed in paragraph (2).

Article 59 Deleted. *<Aug. 31, 1999>*

Article 60 (Special Taxation for Corporate Tax on Relocating Factories to Outside of Large Cities)

(1) Deleted. *<Dec. 29, 2001>*

(2) Where a domestic corporation which runs a business with its factory and facilities established in any of the following areas (hereinafter referred to as "large city") transfers the factory site and buildings by December 31, 2025 in order to re-locate (excluding re-location of any factory to outside of the Seoul Metropolitan area into the Seoul Metropolitan area) such factory to outside of the large city (hereafter referred to as "rural area" in this Article), the domestic corporation may elect to exclude an amount calculated by the formula prescribed by Presidential Decree from its gross income up to the gains accruing from such transfer less the carried-over deficits under Article 13 (1) 1 of the Corporate Tax Act as at the end of the business year immediately preceding the year in which the date of transfer falls, for the purposes of calculating its income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls. *<Amended on Jan. 1, 2010; Dec. 31, 2011; Dec. 23, 2014; Dec. 19, 2017; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022>*

1. The over-concentration control region of the Seoul Metropolitan area;
2. An area prescribed by Presidential Decree, among areas outside the over-concentration control region of the Seoul Metropolitan area; provided, industrial complexes designated under the Industrial Sites and Development Act (hereafter in this Article, referred to as "industrial complexes") in the relevant area shall be excluded herefrom.

(3) A domestic corporation that wishes to be accorded special tax treatment under paragraph (2) shall engage in the same type of business in the factory before and after relocation, according to the classification prescribed by Presidential Decree. *<Added on Dec. 31, 2011>*

(4) Upon occurrence of an event prescribed by Presidential Decree, such as a domestic corporation accorded special tax treatment under paragraph (2) fails to commence its business by acquiring a factory in any rural area or closes its business or is dissolved before fully including the amount excluded from gross income in its gross income, the domestic corporation shall include an amount calculated by the formula prescribed by Presidential Decree out of the remaining amount excluded from its gross income, in its gross income, for the purposes of calculating the income for the business year in which such event occurs. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount added to its gross income (excluding any amount added to its gross income due to closure of business or dissolution as a consequence of a merger, division, or merger through division). *<Amended on Jan. 1, 2010; Dec. 31, 2019>*

(5) Notwithstanding the proviso of paragraph (2) 2, paragraph (2) shall apply where a domestic corporation that has engaged in a business with a factory and facilities in the relevant area since before the area was designated as an industrial complex under the Industrial Sites and Development Act transfers the site of the factory and buildings therein in order to relocate its factory to a rural area, deeming that the relevant area is a large city. *<Added on Dec. 31, 2022>*

(6) Any domestic corporation that wishes to be accorded special tax treatment under paragraph (2) shall submit a statement on transfer gains of land or building (hereinafter referred to as "land, etc.") and other required documents to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2010>*

Article 61 (Special Taxation for Corporate Tax on Transfer Gains Following Relocation of Corporation's Head Office to Outside of Overconcentration Control Region of Seoul Metropolitan Area)

(1) Deleted. *<Dec. 29, 2001>*

(2) Deleted. *<Dec. 29, 2001>*

(3) Where a domestic corporation whose head office or principal place of business is located in the over-concentration control region of the Seoul Metropolitan area transfers the site and buildings of the head office or principal place of business by not later than December 31, 2025 in order to relocate the head office or principal place of business to outside of the over-concentration control region of the Seoul Metropolitan area, the domestic corporation may elect to exclude an amount calculated by the formula prescribed by Presidential Decree from its gross income up to the gains accruing from such transfer less the carried-over deficits under Article 13 (1) 1 of the Corporate Tax Act as at the end of the business year immediately preceding the year in which the date of transfer falls, for the purposes of calculating the income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls. *<Amended on Jan. 1, 2010; Dec. 31, 2011; Dec. 23, 2014; Dec. 19, 2017; Dec. 24, 2018; Dec. 29,*

2020; Dec. 31, 2022>

(4) A domestic corporation that wishes to be accorded special tax treatment under paragraph (3) shall engage in the same type of business at its head office or principal place of business before and after relocation, according to the classification prescribed by Presidential Decree. *<Added on Dec. 23, 2014>*

(5) Where any of the following events occurs before a domestic corporation accorded special tax treatment under paragraph (3) fully includes the amount excluded from its gross income in the gross income, the domestic corporation shall include the amount calculated by the formula prescribed by Presidential Decree out of the amount excluded from its gross income, in its gross income, for the purpose of calculating the income for the business year in which the date of occurrence of the relevant event falls. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount added to its gross income (excluding any amount added to its gross income due to closure of business or dissolution as a consequence of a merger, division, or merger through division): *<Amended on Jan. 1, 2010; Dec. 23, 2014>*

1. Where the domestic corporation fails to relocate its head office or principal place of business to outside of the over-concentration control region of the Seoul Metropolitan area, as prescribed by Presidential Decree;
2. Where the domestic corporation has any office exceeding the criteria prescribed by Presidential Decree in the over-concentration control region of the Seoul Metropolitan area;
3. Where the domestic corporation disburses the proceeds from the disposal of the site and building of the head office or principal place of business in the over-concentration control region of the Seoul Metropolitan area for any purpose other than purposes prescribed by Presidential Decree;
4. Where the domestic corporation closes its business or is dissolved.

(6) Any domestic corporation seeking to be accorded special tax treatment under paragraph (3) shall submit a statement on transfer gains of land, etc. and other required documents to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2010>*

Article 62 (Reduction or Exemption of Corporate Tax for Public Institutions Relocating to Innovation Cities)

(1) Where a relocated public agency defined in subparagraph 2 of Article 2 of the Special Act on the Construction and Development of Innovation Cities (hereafter in this Article, referred to as "relocated public agency"), transfers any previous real estate prescribed by Presidential Decree (hereafter in this Article, referred to as "previous real estate"), which is defined in subparagraph 6 of Article 2 of the Special Act on the Construction and Development of Innovation Cities, by not later than December 31, 2026, in order to relocate its head office or principal place of business (hereafter in this Article, referred to as "head office") to an innovation city defined in subparagraph 3 of Article 2 of the aforesaid Act or to Sejong Special Self-Governing City established under the Special Act on the Establishment, etc. of Sejong Special Self-Governing City (hereafter in this Article, referred to as "Sejong Self-Governing City"), the

relocated public agency may choose to exclude an amount calculated by the formula prescribed by Presidential Decree from its gross income up to the proceeds accruing from such transfer less the deficits carried forward under Article 13 (1) 1 of the Corporate Tax Act as at the end of the business year immediately preceding the business year in which the date of transfer falls, when calculating the income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years starting from the business year falling on the fifth anniversary from the end of the business year in which such previous real estate is transferred. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 26, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Article 61 (5) shall apply mutatis mutandis to a domestic corporation eligible under paragraph (1), as prescribed by Presidential Decree. In such cases, "outside of the over-concentration control region of the Seoul Metropolitan area" shall be construed as "innovation city or Sejong Self-Governing City"; "over-concentration control region of the Seoul Metropolitan area" as "Seoul Metropolitan area"; and "site and building of the head office or principal place of business in the over-concentration control region of the Seoul Metropolitan area" as "previous real estate," respectively. *<Amended on Jan. 1, 2014>*

(3) Any domestic corporation seeking to be accorded special tax treatment under paragraph (1) shall submit a statement on proceeds from transfer of land, etc. and other required documents, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(4) Where a relocated public agency, the head office of which is located in the growth management region classified under Article 6 (1) 2 of the Seoul Metropolitan Area Readjustment Planning Act (hereafter in this Article, referred to as "growth management region"), relocates its head office to an innovation city by not later than December 31, 2018, the relocated public agency is entitled to an exemption of corporate tax on the income equivalent to an amount calculated by multiplying the amount of subparagraph 1 by the ratio prescribed in subparagraph 3 for each taxable year, for the taxable year in which the first income accrues after the date of relocation (or the taxable year falling on the fifth anniversary from the date of relocation, if no income accrues until the taxable year falling on the fifth anniversary from the date of relocation), and also for the taxable years that end within the two subsequent taxable years from the date the following taxable year commences; and is entitled to a reduction of corporate tax by the equivalent to 50/100 of corporate tax levied for the two subsequent taxable years thereafter: *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017>*

1. The tax base for the relevant taxable year less the proceeds from the transfer of land, buildings, or the right to acquire real estate and the income prescribed by Presidential Decree;
2. Deleted. *<Dec. 19, 2017>*
3. The ratio of the number of employees working at the head office relocated to an innovation city (hereafter in this Article, referred to as "relocated head office") in the relevant taxable year to the total number of all employees working at the corporation.

(5) For the purposes of paragraph (4), "number of employees working at the relocated head office" means the number of employees calculated by subtracting the average number of full-time employees per year at the relocated head office during the taxable year in which three years retrospectively lapse from the date of relocation from the average number of full-time employees per year (referring to the number of employees calculated by aggregating the number of employees as at the end of each month and dividing the aggregate by the number of relevant months, but excluding the number of employees assigned to the relocated head office after having worked at the head office in an area outside the Seoul Metropolitan area after the taxable year in which the date on which three years retrospectively lapse from the date of relocation falls); and "number of all employees working at the corporation" means the average number of all full-time employees per year working at the corporation. *<Amended on Dec. 23, 2014>*

(6) For the purposes of paragraph (4), where the ratio of the number of executive officers prescribed by Presidential Decree (hereafter in this Article, referred to as "executive officer") working at the relocated head office to the total number of executive officers working at the head office in the Seoul Metropolitan area and at the relocated head office, does not exceed 50/100 during the period of reduction or exemption of corporate tax, the relocated public agency loses its entitlement to a reduction or exemption of corporate tax under paragraph (4) starting from the relevant taxable year.

(7) Where any of the following events arises, a relocated public agency granted a reduction or exemption of corporate tax under paragraph (4) shall pay, as corporate tax, an amount of tax calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event arises:

1. Where the agency closes its business, or is dissolved, within three years from the date it has started business after relocating its head office to the innovation city;
2. In cases prescribed by Presidential Decree, such as the agency’s failure to start business after relocating its head office to the innovation city;
3. Where the agency maintains its office of at least the scale prescribed by Presidential Decree in the Seoul Metropolitan area;
4. Where the ratio of the number of executive officers working at the relocated head office to the total number of executive officers working at the head office in the Seoul Metropolitan area and at the relocated head office, does not exceed 50/100.

(8) The provisions of Article 63 (3) concerning an additional amount equivalent to the interest shall apply mutatis mutandis where the amount of corporate tax reduced or exempted under paragraph (4) is paid under paragraph (7). *<Amended on Dec. 29, 2020>*

(9) For the purposes of paragraphs (4) through (6), methods for calculating the period; scope of wages; application for reducing or exempting the amount of tax; and other necessary matters shall be prescribed by Presidential Decree.

Article 63 (Tax Reduction or Exemption for Enterprises Relocating Factories to Outside of Seoul Metropolitan Area)

(1) Where a national who meet all of the following requirements (hereafter in this Article, referred to as "enterprise relocating its factory") commences its business by December 31, 2025 (or December 31, 2028 if the national builds a new factory, owns the site for the factory by December 31, 2025, and submits a relocation plan at the time of filing the tax return on the taxable year ending on December 31, 2025) in its relocated factory, income tax or corporate tax shall be reduced or exempted according to subparagraph 2 on the income accrued from the relocated factory (excluding income accrued from a place of business to which the national succeeded if the national succeed to the business through a merger, division, investment in kind, or business transfer after the relocation of the enterprise relocating its factory. *<Amended on Dec. 31, 2022; Jun. 9, 2023; Dec. 31, 2024>*

1. Requirements for Reduction or Exemption of Tax Amount:

   (a) The national shall be an enterprise that has continued to engage in business with factory facilities established in the over-concentration control region of the Seoul Metropolitan area for at least 3 years (2 years in cases of a small or medium enterprise); provided, this excludes entierprises that have been subject to tax reduction or exemption under this Article within 10 years retroactively from the commencement date of the taxable year in which the date of suspension of operations for the purpose of relocating the factory facility falls;

   (b) The national shall completely relocate the factory and facilities to outside the Seoul Metropolitan area (in cases of a small or medium enterprises, outside the Seoul Metropolitan area or a depopulation area in the Seoul Metropolitan area), as prescribed by Presidential Decree;

   (c) In any of the following cases, the national shall meet the following requirements:

2. Period of Reduction or Exemption and Tax Amount Reduced or Exempted:

   (a) The taxable years beginning on the date of commencement of the taxable year in which income accrues first in the relevant factory after the date of relocation of the factory (if there is no income accrued until the taxable year in which the fifth anniversary of the date of relocation of the factory falls, the taxable year in which the fifth anniversary of the date of relocation falls) ending within the period prescribed in any of the following: The tax amount equivalent to 100/100 of income tax or corporate tax:

   (b) The taxable years ending within two years following the taxable year under item (a) (or the taxable years ending within three years in cases of item (a) (ii) a or (iii) b): The tax amount equivalent to 50/100 of income tax or corporate tax.

(2) Where any of the following event arises, an enterprise relocating its factory and granted a tax reduction or exemption under paragraph (1) shall pay, as income tax or corporate tax, the amount of tax calculated, as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event arises: *<Amended on Dec. 31, 2024>*

1. Where the enterprise closes its business or is dissolved within three years from the date it commences its business after relocating the factory; provided, this shall not apply where such closure or dissolution is caused by a merger, division, or merger through division;

2. Where the enterprise fails to commence its business after relocating its factory to facilities to outside the Seoul Metropolitan area (in cases of a small or medium enterprises, outside the Seoul Metropolitan area or a depopulation area in the Seoul Metropolitan area), as prescribed by Presidential Decree;

3. Where a factory (referring to a factory or head office if a small or medium enterprise relocates to a depopulation area in the Seoul Metropolitan area) that produces the same products as those produced from the factory relocated pursuant to paragraph (1) is established in the Seoul Metropolitan area (in cases of small or medium enterprises, referring to an area other than depopulation areas in the Seoul Metropolitan area).

(3) Where a person shall pay an amount pursuant to paragraph (2) for the income tax or corporate tax reduced or exempted under paragraph (1), the person shall pay interest calculated thereon as prescribed by Presidential Decree in addition to the amount of income tax or corporate tax, and such tax amount shall be deemed payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act.

(4) Where a corporation (hereafter in this Article, referred to as "corporation relocating its factory"), among enterprises relocating their factories, relocates its factory to outside of the Seoul Metropolitan area, Article 60 (2), (4), and (6) shall apply mutatis mutandis to corporate tax on capital gains accrued from the transfer of the factory in the over-concentration control region of the Seoul Metropolitan area.

(5) The land appurtenant to buildings for the previous factory that a corporation relocating its factory to outside of the Seoul Metropolitan area has owned since before relocation (including cases where ownership has been transferred as a consequence of a merger, division, or merger through division), to which Article 106 (1) 3 (a) of the Local Tax Act applies as at the date of relocation of the factory, shall be deemed the land to which Article 106 (1) 3 (a) of the Local Tax Act shall apply for five years from the date of complete relocation of the factory; provided, this shall not apply after the corporation closes its business after commencing its business in the relocated factory.

(6) If a corporation relocating its factory and eligible for the application of Article 106 (1) 3 (a) of the Local Tax Act for five years from the date of relocation under paragraph (5) to the land appurtenant to buildings for its previous factory operated before relocation falls under any subparagraph of paragraph (2) 1 through 3, property tax, comprehensive real estate holding tax, and interest thereon shall be additionally collected from it, as prescribed by Presidential Decree.

(7) If an enterprise relocating its factory intends to be granted tax reduction or exemption under paragraph (1), (4), or (5), it shall be engage in the same type of business at the new factory after relocation as the type of business it continuously engaged at the previous factory for at least 2 years (1 year for small and medium enterprises) retroactively from the date of suspension of business operation to relocate the factory facilities from the previous factory, based on the classification prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

(8) Where a small or medium enterprise granted tax reduction or exemption under paragraph (1) relocates to inside of the Seoul Metropolitan area and ceases to be classified as a small or medium enterprise under the Framework Act on Small and Mediym Enterises as a consequence of any of the events prescribed by

Presidential Decree, such as a merger with an enterprise that is not a small or medium enterprise, such enterprise shall cease to be eligible for tax reduction or exemption from the taxable year in which the relevant event occurs.

(9) For the purpose of paragraphs (1) through (8), the method of calculating the period, application for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

Article 63-2 (Tax Reduction or Exemption for Corporations Relocating Head Offices to Outside of Seoul Metropolitan Area)

(1) A corporation commences its business by December 31, 2025 (or by December 31, 2028, where a corporation builds a new head office, owns a site for the head office until 31, 2025, and submits a relocation plan at the time of filing the tax return for the taxable year ending on December 31, 2025) at its head office relocated in compliance with all requirements of subparagraph 1 (hereafter in this Article, referred to as "corporation relocating its head office") shall be granted a reduction or exemption on corporate tax on income eligible for tax reduction or exemption under subparagraph 2 (excluding income accrued from a place of business to which the corporation succeeds through a merger, division, investment in kind, or business transfer after the relocation) according to the relevant provision of subparagraph 3; provided, this shall not apply to any corporation that engages in a real estate business, construction business, consumer service business, non-store retailing business, or shipping brokerage business prescribed by Presidential Decree: *<Amended on Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

1. Requirements for Reduction or Exemption of Tax Amount:

(a) It shall be a corporation which has been continuously headquartered in the over-concentration control district of the Seoul Metropolitan Area for at least 3 consecutive years; provided, a corporation reduced or exempted pursuant to this Article within 10 years retroactively from the commencement date of the taxable year in which the date of registration of the transfer of its head office falls shall be excluded herefrom;

(b) That the corporation shall relocate its head office to outside of the Seoul Metropolitan area, as prescribed by Presidential Decree.

(c) The amount invested in the head office relocated to outside of the Seoul Metropolitan area (hereafter in this Article, referred to as "relocated head office") and the number of personnel working in the relocated head office shall meet the criteria prescribed by Presidential Decree in consideration of the impact on local economy;

2. Income eligible for tax reduction or exemption: An amount calculated by multiplying the amount specified in item (a) by the ratio of item (b) and the ratio of item (c):

(a) The amount of tax base for the relevant taxable year less capital gains on the rights to acquire land, buildings, and real estate and the income prescribed by Presidential Decree;

(b) The ratio of the number of personnel working in the relocated head office in the relevant taxable year to the number of personnel working in the number of total personnel of the corporation;

(c) The ratio of total sales for the relevant taxable year less sales from consignment processing trade prescribed by Presidential Decree to total sales for the relevant taxable year;

3. Period of Reduction or Exemption and Tax Amount Reduced or Exempted:

(a) The taxable years beginning on the date of commencement of the taxable year in which income accrues first in the corporation relocating its head office after the date of relocation of the head office (if there is no income accrued until the taxable year in which the fifth anniversary of the date of relocation of the head office falls, the taxable year in which the fifth anniversary of the date of relocation falls) ending within the period prescribed in any of the following: The tax amount equivalent to 100/100 of corporate tax on income eligible for tax return or exemption:

(b) The taxable years ending within two years following the taxable year under item (a) (or the taxable years ending within three years in cases of item (a) (ii) a or (iii) b): The tax amount equivalent to 50/100 of corporate tax on the income eligible for tax reduction or exemption;

(2) Where any of the following events occurs to a corporation relocating its head office and granted tax reduction or exemption under paragraph (1), the corporation shall pay, as corporate tax, a tax amount calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event occurs:

1. Where the corporation closes its business or is dissolved within three years from the date it commences its business after relocating the head office; provided, this shall not apply where such closure or dissolution is caused by a merger, division, or merger through division;

2. Where the corporation fails to commence its business after relocating its head office to outside of the Seoul Metropolitan area, as prescribed by Presidential Decree;

3. Where the corporation establishes its head office or maintains an office of not smaller than the standard prescribed by Presidential Decree, in the Seoul Metropolitan area;

4. Where the ratio of the number of executive officers working at the relocated head office to the aggregate of executive officers working at the head office in the Seoul Metropolitan area and those at the relocated head office, during the period of tax reduction or exemption under paragraph (1), is less than 50/100.

(3) The provisions of Article 63 (3) concerning an additional amount equivalent to interest shall apply mutatis mutandis where the amount of corporate tax reduced or exempted under paragraph (4) shall be paid under paragraph (7).

(4) Article 61 (3), (5), and (6) shall apply to corporate tax on capital gains from the transfer of the head office of a corporation relocating its head office in the over-concentration control region of the Seoul Metropolitan area.

(5) If a corporation relocating its head office intends to be subject to paragraphs (1) and (4), it shall engage in the same type of business in the new head office after relocation as the type of business it operated in the previous head office before relocation for at least 2 years retroactively from the date of registration of the transfer of its head office, based on the classification prescribed by Presidential Decree. <*Amended on*

Dec. 31, 2024>

(6) If a corporation relocates its head office along with its factory, the income equivalent to an amount calculated by aggregating the income eligible for tax reduction or exemption under paragraph (1) and the income accrued at the relocated factory under Article 63 (1) shall be the income eligible for tax reduction or exemption; provided, the eligible income shall not exceed the amount of income for the relevant taxable year.

(7) For the purposes of paragraphs (1) through (6), methods for calculating an invested amount, the number of personnel in service, and a period, application for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021>*

Article 63-3 Deleted. *<Dec. 26, 2008>*

Article 64 (Tax Reduction or Exemption for Enterprises that Occupy Agro-Industrial Complexes)

(1) The following entities are entitled to a reduction or exemption of income tax or corporate tax on income accruing from the relevant business (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") as prescribed in paragraphs (2) through (7): *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Mar. 29, 2016; Dec. 24, 2018; Jul. 27, 2021; Dec. 28, 2021; Dec. 31, 2023>*

1. A national that occupies an agro-industrial complex prescribed by Presidential Decree, among agro-industrial complexes designated under the Industrial Sites and Development Act, and engages in a business developing the income sources of farming and fishing communities, by not later than December 31, 2025;

2. A small or medium enterprise that occupies an area prescribed by Presidential Decree, of the areas for special support for small and medium enterprises designated under Article 23 of the Act on the Fostering of Local Small and Medium Enterprises and Promotion of Their Innovation, and engages in a business in that area, by not later than December 31, 2025.

(2) Regarding the income accruing from a business eligible for tax reduction or exemption operated by a person who meets conditions prescribed in paragraph (1) for the five subsequent taxable years from the commencement date of the taxable year (or the taxable year falling on the fifth anniversary from the date the relevant business eligible for tax reduction or exemption commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary) in which the first income accrues from the relevant business for a tax reduction or exemption, an amount of tax equivalent to 50/100 of the income tax or corporate tax shall be reduced or exempted. *<Added on Dec. 24, 2018>*

(3) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"): *<Added on Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The number of full-time employees of the place of business that becomes eligible for the application of paragraph (1) in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") x 15 million won (or 20 million won in cases of a full-time youth employee, and a full-time employee of a place of business eligible for tax reduction or exemption which engages in any service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business ")).

(4) For the purposes of applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in subparagraph (3) 2 shall be applied. *<Added on Dec. 24, 2018>*

(5) Where the number of full-time employees each taxable year at a place of business eligible for tax reduction or exemption, during the period until the end of the taxable year falling on the second anniversary from the end of the taxable year in which a tax reduction or exemption was granted, has decreased as compared with the number of the full-time employees in the taxable year in which a tax reduction or exemption was granted, the person granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 24, 2018>*

(6) For the purposes of paragraphs (3) and (5), scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 24, 2018>*

(7) If a person granted a reduction or exemption of income tax or corporate tax under paragraph (2) falls under any of the following subparagraphs, the person shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing a tax return for the taxable year in which the relevant event occurred. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;

2. Where the enterprise relocates the place of business granted tax reduction or exemption to any area other than any of the following places:

(a) If the person was granted a reduction or exemption of income tax or corporate tax because the person fell under paragraph (1) 1: An agro-industrial complex prescribed in that subparagraph;

(a) If the person was granted a reduction or exemption of income tax or corporate tax because the person fell under paragraph (1) 2: An area for special support for small and medium enterprises prescribed in that subparagraph;

(8) Any person who wishes to be granted tax reduction or exemption under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 28, 2021>*

(9) A person to whom the ceiling on a service business applies pursuant to paragraph (3) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 24, 2018; Dec. 28, 2021>*

Article 65 Deleted. *<Dec. 29, 2000>*

Article 66 (Corporation Tax Exemption for Agricultural Partnerships)

(1) Of the dividend income that a member of an agricultural partnership receives from the agricultural partnership by not later than December 31, 2026, the full amount of dividends accruing from income from food-crop growing business, and the amount prescribed by Presidential Decree, among the dividends accruing from income other than that from food-crop growing business shall be exempt from income tax. In such cases, the dividends accruing from income from food-crop growing business, and the dividends accruing from income, other than that from food-crop growing business, shall be calculated, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Of the dividend income that a member of an agricultural partnership receives from the agricultural partnership by not later than December 31, 2026, the full amount of dividends accruing from income from food-crop growing business, and the amount prescribed by Presidential Decree, among the dividends accruing from income other than that from food-crop growing business shall be exempt from income tax. In such cases, the dividends accruing from income from food-crop growing business, and the dividends accruing from income, other than that from food-crop growing business, shall be calculated, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(3) Notwithstanding Article 129 of the Income Tax Act, the rate of withholding tax on the dividend income paid by not later than December 31, 2026, other than the amount exempt from income tax under paragraph (2), out of dividends paid by an agricultural partnership to its members shall be 5/100; and such dividend income shall not be added to the tax base of global income calculated under Article 14 (2) of the Income Tax Act. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(4) A farmer prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with farmland or grassland developed with permission to develop grassland under Article 5 of the Grassland Act (hereinafter referred to as "grassland") in an agricultural partnership (excluding income prescribed by Presidential Decree as equivalent to the amount of liabilities assumed by the agricultural partnership in connection with an investment in kind), on or before December 31, 2026; provided, where the relevant farmland or grassland is incorporated into a

residential area, commercial area, or industrial area under the National Land Planning and Utilization Act (hereafter in this Article through Article 69, Article 69-2 through 69-4 and Article 70, referred to as "residential area, etc."); or where it is designated as land reserved for replotting into any category of land other than farmland or grassland, prior to a disposition for replotting under the Urban Development Act or any other statute, the farmer is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation of land reserved for replotting. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Feb. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

(5) Where a person granted an exemption from capital gains tax under paragraph (4), transfers his/her equity shares to any third person within three years from the date of investment, the person shall pay, as capital gains tax, an amount calculated by the formula prescribed by Presidential Decree, at the time of filing his/her tax return for the taxable year in which the equity shares are transferred; provided, this shall not apply in cases prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

(6) An amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be additionally paid, where the capital gains tax exempted under paragraph (4) shall be paid pursuant to the main sentence of paragraph (5). *<Amended on Dec. 23, 2014>*

(7) A farmer prescribed by Presidential Decree is eligible for carried-forward taxation if the farmer makes an investment, in kind, in an agricultural partnership with real estate (excluding the farmland and grassland referred to in paragraph (4)), used directly for crop-growing business, breeding livestock, or forestry defined in subparagraph 1 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, on or before than December 31, 2026. *<Amended on Jan. 1, 2013; Jun. 22, 2015; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(8) Anyone who wishes to be accorded special tax treatment under paragraph (1), (2), (4), or (7) shall file an application therefor, as prescribed by Presidential Decree.

(9) Where a farmer allowed to carry forward capital gains tax under paragraph (7), disposes of at least 50/100 of the stocks or equity shares that he or she acquired by making an investment in kind within three years from the date of the investment, the farmer shall pay the amount of tax carried forward under paragraph (7) (referring to the amount less the amount of tax already paid by the relevant agricultural partnership), as capital gains tax, within two months from the end of the month in which such stocks or equity shares are disposed of, as prescribed by Presidential Decree. *<Added on Jan. 1, 2014; Dec. 23, 2014>*

(10) Criteria for determining whether a farmer has disposed of at least 50/100 of his or her stocks or equity shares when the farmer pays the amount of tax carried forward under paragraph (7) pursuant to paragraph (9), and other necessary matters shall be prescribed by Presidential Decree, and an amount equivalent to the interest calculated, as prescribed by Presidential Decree, shall be added thereto. *<Added on Jan. 1, 2014>*

Article 67 (Corporate Tax Exemption for Fishery Partnerships)

(1) A fishery partnership that has registered agricultural and fishery business information pursuant to Article 4 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "fishery partnership"), is entitled to an exemption of corporate tax on the amount prescribed by Presidential Decree, out of its income for each business year by the taxable year ending on or before December 31, 2026. *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Of the dividend income that a member of a fishery partnership receives from the fishery partnership by not later than December 31, 2026, an amount prescribed by Presidential Decree shall be exempted from income tax. *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(3) Notwithstanding Article 129 of the Income Tax Act, the rate of withholding tax on the dividend income paid by not later than December 31, 2026, other than the amount exempt from income tax under paragraph (2), out of dividends paid by a fishery partnership to its members shall be 5/100; and such dividend income shall not be added to the tax base of global income calculated under Article 14 (2) of the Income Tax Act. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(4) A fisherman prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with land, etc. for fisheries prescribed by Presidential Decree (hereafter in this Article and Article 71, referred to as "land, etc. for fisheries") in a fishery partnership (excluding income prescribed by Presidential Decree as equivalent to the amount of liabilities assumed by the fishery partnership and the agricultural partnership in connection with an investment in kind) or fishery corporation that registered agricultural and fishery business data pursuant to Article 4 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "fishery corporation"), before December 31, 2026: Provided, That where the relevant land, etc. for fisheries is incorporated into a residential area, etc.; where the relevant land, etc. for fisheries is designated as land reserved for replotting into any category of land other than land, etc. for fisheries, prior to a disposition for replotting under the Urban Development Act or any other statute, the fisherman is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation of land reserved for replotting. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Feb. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

(5) Where a person granted an exemption from capital gains tax under paragraph (4), transfers his/her equity shares to any third person within three years from the date of investment, the person shall pay, as capital gains tax, an amount calculated by the formula prescribed by Presidential Decree, at the time of filing his/her tax return for the taxable year in which the equity shares are transferred; provided, this shall not apply in cases prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

(6) Article 66 (6) and (8) shall apply mutatis mutandis to filing an application for tax exemption or reduction under paragraphs (1), (2), and (4), and the payment of tax under the main sentence of paragraph

(5). *<Amended on Dec. 23, 2014>*

Article 68 (Corporate Tax Exemption for Agricultural Companies)

(1) An agricultural company that has registered agricultural and fisheries business information under Article 4 of the Act on Fostering and Supporting Agricultural and Fisheries Business Entities (hereinafter referred to as "agricultural company") is entitled to an exemption of corporate tax on the total amount of income from food-crop growing business for taxable years ending on or before December 31, 2026, and, within the scope of amount prescribed by Presidential Decree, on the amount of income accruing from crop growing business other than that accruing from food-crop growing business; and is entitled to a reduction of corporate tax on the income prescribed by Presidential Decree out of the income other than the income accruing from crop growing business, by the equivalent to 50/100 of the corporate tax levied on income accruing from the relevant business for the taxable year in which the first income accrues (if no income accrues by the taxable year falling on the fifth anniversary from the date the relevant business commences, referring to the taxable year falling on such fifth anniversary), and also for the taxable years that end within the four subsequent taxable years from the date the following taxable year commences. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) A farmer prescribed by Presidential Decree is entitled to a full exemption from capital gains tax on income accruing from an investment in kind with farmland or grassland in an agricultural company (limited to agricultural companies that meet the requirements for agricultural corporations under the Farmland Act) (excluding income prescribed by Presidential Decree as equivalent to the amount of liabilities assumed by the agricultural company in connection with an investment in kind), on or before December 31, 2026; provided, where the relevant farmland or grassland is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland or grassland, prior to a disposition for replotting under the Urban Development Act or any other statute, the farmer is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation of land reserved for replotting. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

(3) If a farmer prescribed by Presidential Decree is eligible for carried-forward taxation if the farmer makes an investment in kind, in an agricultural company with real estate (excluding the farmland and grassland referred to in paragraph (2)), used directly for crop growing business, breeding livestock, or forestry defined in subparagraph 1 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, on or before December 31, 2026, the carryover tax may be applied. In such cases, Article 66 (9) and (10) shall apply mutatis mutandis. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Jun. 22, 2015; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(4) A resident who has invested in an agricultural company is entitled to an exemption of income tax on the full amount of dividends from income from food-crop growing business, of the dividend income he or

she receives by not later than December 31, 2026, and need not add the dividends from income prescribed by Presidential Decree, out of the income other than that from food-crop growing business, to the tax base of global income calculated under Article 14 (2) of the Income Tax Act. In such cases, the amount of dividend income from income from food-crop growing business and the amount of dividend income earned from income prescribed by Presidential Decree among the income, other than that from food-crop growing business, shall be calculated, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2011; Jan. 31, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(5) Anyone who wishes to be accorded special tax treatment under paragraph (1), (3), or (4) shall file an application therefor, as prescribed by Presidential Decree.

(6) Article 66 (5), (6), and (8) shall apply mutatis mutandis to reducing or exempting capital gains tax under the main sentence of and proviso of paragraph (2). *<Added on Dec. 20, 2016>*

Article 69 (Reduction or Exemption of Capital Gains Tax for Self-Cultivating Farmland)

(1) Where a resident prescribed by Presidential Decree who resides on farmland, transfers, by not later than December 31, 2026, a parcel of land prescribed by Presidential Decree that the resident has directly self-cultivated farmland by the method prescribed by Presidential Decree, for at least eight years ((or for at least three years where farmland eligible for the directly-paid subsidy for the transfer of management prescribed by Presidential Decree, is transferred to the Korea Rural Community Corporation incorporated under the Korea Rural Community Corporation and Farmland Management Fund Act or a corporation prescribed by Presidential Decree mainly engaging in agriculture (hereafter in this Article, referred to as "agricultural corporation")), the resident is entitled to a full exemption from the capital gains tax levied on income accruing from such transfer; provided, where such parcel of land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Where an agricultural corporation transfers land within three years from the date of acquisition of such land, or any of the grounds prescribed by Presidential Decree arises, the agricultural corporation shall pay, as corporate tax, the equivalent to the amount of tax exempted under paragraph (1), at the time of filing its tax return for the taxable year in which such ground arises.

(3) A person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 69-2 (Reduction or Exemption of Capital Gains Tax on Site of Stables for Livestock)

(1) Where a resident prescribed by Presidential Decree who resides in an area prescribed by Presidential Decree as a site of stables used for breeding livestock and the land appurtenant thereto (hereafter in this Article and Article 71, referred to as "site of stables for livestock"), used directly for breeding livestock for at least eight years by the method prescribed by Presidential Decree, transfers such site by not later than December 31, 2025 for business closure, the resident is entitled to a full exemption from capital gains tax levied on income accruing from such transfer; provided, where the relevant land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than livestock, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

(2) Where a resident granted an exemption from capital gains tax pursuant to paragraph (1), re-starts a livestock business within five years after transferring the site of stables for livestock, the amount of tax exempted shall be additionally levied; provided, this shall not apply in cases prescribed by Presidential Decree, such as inheritance.

(3) A person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) through (3), the holding period of a site of stables for livestock; the scope of business closure; the method for calculating the amount of tax to be reduced or exempted; and other necessary matters shall be prescribed by Presidential Decree.

Article 69-3 (Reduction or Exemption of Capital Gains Tax on Land. for Fishery)

(1) Where a resident prescribed by Presidential Decree who resides at any land, etc. for fishery, transfers by not later than December 31, 2025 such land, etc. for fishery prescribed by Presidential Decree, used directly for fishery for at least eight years by the method prescribed by Presidential Decree, the resident is entitled to a full exemption from capital gains tax levied on income accruing from such transfer; provided, where the relevant land, etc. for fishery is incorporated into a residential area, etc. or designated as a land reserved for replotting into any category of land other than fishery prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a full exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing until the date of incorporation into a residential area, etc., or until the date of designation as land reserved for replotting. *<Amended on Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022>*

(2) A person seeking to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(3) For the purposes of paragraphs (1) through (3), the holding period of land, etc. for fishery, the method for calculating the amount of tax to be reduced or exempted, and other necessary matters shall be

prescribed by Presidential Decree.

Article 69-4 (Reduction or Exemption of Capital Gains Tax on Self-Cultivated Mountainous Districts)

(1) Where a resident prescribed by Presidential Decree who resides in a mountainous district transfers any mountainous district prescribed by Presidential Decree among mountainous districts that he/she has managed directly for at least ten years by the method prescribed by Presidential Decree after obtaining authorization of a forest management plan under Article 13 of the Creation and Management of Forest Resources Act, the resident is entitled to a reduction of an amount of tax as specified in the following table, on income accruing from such transfer; provided, where the relevant mountainous district is incorporated into a residential area, etc. or designated as a land reserved for replotting into any category of land other than mountainous district prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a reduction of an amount of tax levied only on the income prescribed by Presidential Decree, accruing until the date of incorporation into a residential area, etc., or until the date of designation as land reserved for replotting.

Period of Direct Management	Tax Amount to Be Reduced
At least 10 years but less than 20 years	Tax amount equivalent to 10/100 of capital gains tax
At least 20 years but less than 30 years	Tax amount equivalent to 20/100 of capital gains tax
At least 30 years but less than 40 years	Tax amount equivalent to 30/100 of capital gains tax
At least 40 years but less than 40 years	Tax amount equivalent to 40/100 of capital gains tax
At least 50 years	Tax amount equivalent to 50/100 of capital gains tax

(2) A person seeking to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 70 (Reduction or Exemption of Capital Gains Tax for Substitute Land for Farmland)

(1) A resident prescribed by Presidential Decree who resides on farmland, is entitled to a full exemption from capital gains tax levied on income accruing from exchanging the land the resident has directly cultivated by the method prescribed by Presidential Decree with the substitute farmland that meets the conditions prescribed by Presidential Decree as necessary for cultivation; provided, where the relevant land is incorporated into a residential area, etc.; or where it is designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute, the resident is entitled to a reduction or exemption from capital gains tax levied only on the income prescribed by Presidential Decree, accruing as at the date of incorporation into a residential area, etc.; or as at the date of designation as land reserved for replotting. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Dec. 15, 2015; Dec. 20, 2016>*

(2) Paragraph (1) shall not apply where any land transferred or acquired pursuant to paragraph (1) is incorporated into a residential area, etc.; or where it is land prescribed by Presidential Decree, designated as land reserved for replotting into any category of land other than farmland, prior to a disposition for replotting under the Urban Development Act or any other statute. *<Amended on Dec. 20, 2016>*

(3) Anyone who intends to be granted a tax reduction or exemption pursuant to paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) A resident granted a reduction or exemption of capital gains tax under paragraph (1), fails to meet the conditions of paragraph (1) because any of the grounds prescribed by Presidential Decree arises, the resident shall pay the capital gains tax so reduced or exempted within two months from the end of the month in which the relevant event arises. *<Added on Jan. 1, 2014>*

(5) Where capital gains tax reduced or exempted under paragraph (1), is paid under paragraph (4), the equivalent to the interest calculated as prescribed by Presidential Decree, shall be added thereto. *<Added on Jan. 1, 2014>*

Article 70-2 (Special Taxation for Capital Gains Tax on Sale, etc. of Farmland to Support Business Workout)

(1) Where a farmer defined in Article 2 of the Farmland Act (hereafter in this Article, referred to as "farmer"), has transferred farmland cultivated by him or herself or directly used for livestock farming and appurtenant agricultural facilities under Article 24-3 (1) of the Korea Rural Community Corporation and Farmland Management Fund Act (hereafter in this Article, referred to as "farmland, etc.") to the Korea Rural Community Corporation incorporated under Article 3 of that Act (hereafter in this Article, referred to as the "Korea Rural Community Corporation"), cultivates it directly or uses it directly for livestock farming under a lease contract, and repurchases the relevant farmland, etc. within the lease period provided for in Article 24-3 (3) of that Act, the farmer can receive a refund of the capital gains tax that he or she has paid for the income accruing from the transfer of such farmland, etc., as prescribed by Presidential Decree. *<Amended on Jun. 9, 2020; Dec. 31, 2023>*

(2) Where a farmer in receipt of a refund of capital gains tax under paragraph (1), re-transfers the farmland, etc. that he or she repurchased, the amount of capital gains tax on the farmland, etc. shall be calculated by applying the following acquisition value and the time of acquisition, notwithstanding Articles 95 (4), 97 (1) 1, 98, and 104 (2) of the Income Tax Act; however, if the agricultural land was subject to a gift tax reduction or exemption pursuant to Article 71 (1) before being transferred to the Korea Rural Affairs Corporation, the acquisition time and necessary expenses pursuant to paragraph (4) of the same Article shall be applied in calculation: *<Amended on Dec. 20, 2016; Dec. 31, 2023 >*

1. Acquisition value: The acquisition value of the relevant farmland, etc. as at the time the farmer acquires it before transferring it to the Korea Rural Community Corporation;
2. Time of acquisition: The date of acquisition of the relevant farmland, etc. before transferring it to the Korea Rural Community Corporation.

(3) A person who intends to receive a refund under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) In applying paragraphs (1) and (2), where the repurchased farmland, etc. is transferred again, the method of applying the reduction or exemption of capital gains tax to the self-cultivating farmland under Article 69 or the land for livestock use under Article 69-2, etc., and other necessary matters, shall be prescribed by Presidential Decree. *<Amended on Jun. 9, 2020; Dec. 31, 2023>*

(5) If a farmer who satisfies the requirements for repurchase under paragraph (1) dies during the period of his or her lease, and an inheritor who satisfies all of the following requirements repurchases the relevant farmland, etc. within the lease period for the relevant farmland, etc., the inheritor may be refunded the capital gains tax paid on the capital gains on the relevant farmland, etc. by the decedent, as prescribed by Presidential Decree. In such cases, paragraphs (2) through (4) shall apply mutatis mutandis. *<Added on Dec. 31, 2023>*

1. The person shall be a farmer;
2. The person shall directly cultivate the relevant farmland, etc. or directly use it for livestock farming.

Article 71 (Reduction or Exemption of Gift Tax for Farmland Gifted to Farming Offspring)

(1) Where a resident prescribed by Presidential Decree (hereafter in this Article, referred to as "self-cultivating farmer, etc.") who resides in a place of any farmland, grassland, forest, fishing vessel, fishery right, land, etc. for fishery, salt farm or site for stables of livestock (including equity shares acquired in return for the farmland, grassland, forest, fishing vessel, fishery right, land, etc. for fishery, salt farm, or site for stables of livestock invested in kind in an agricultural partnership or fishery partnership; hereafter in this Article, referred to as "farmland, etc."), which fully meets the following requirements, and who engages in cultivating the farmland pursuant to Article 18-3 (1) of the Inheritance Tax and Gift Tax Act (hereafter referred to as "farming" in this Article) conveys the farmland, etc. to his/her lineal descendants prescribed by Presidential Decree (hereafter in this Article, referred to as "farming offspring, etc.") as a gift by not later than December 31, 2025, such conveyance of farmland, etc. shall be fully exempted from

gift tax on the value of the relevant farmland, etc.: *<Amended on Dec. 27, 2010; May 30, 2011; Dec. 31, 2011; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 31, 2019, Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Any of the following farmland, etc.:

(a) Farmland: Any land defined under subparagraph 1 (a) of Article 2 of the Farmland Act, which shall not exceed 40,000 square meters;

(b) Grassland: Any grassland developed with a permit to develop grassland under Article 5 of the Grassland Act, which shall not exceed 148,500 square meters;

(c) Forest land: Any forest land not exceeding 297,000 square meters (including seed-gathering forests and forest protection zones under Article 7 of the Forest Protection Act; hereafter in this item, the same shall apply), which has been newly forested for at least five years in accordance with a forest management plan approved under the Creation and Management of Forest Resources Act or as a special forest project zone designated under that Act, as part of a preserved mountainous district under Article 4 (1) 1 of the Mountainous Districts Management Act; provided, in cases of forest land afforested for at least 20 years, its area shall be extended up to 990,000 square meters, including forest land not exceeding 297,000 square meters, which has been afforested for at least five years;

(d) A site for stables of livestock: A site for stables of livestock and the land appurtenant thereto, and the building area of the stables of livestock shall not exceed the area divided by the building-to-land ratio set under Article 55 of the Building Act;

(e) A fishing vessel: A fishing vessel of less than 20 gross tons referred to in Article 13-2 of the Fishing vessels Act;

(f) Fishing right: Any of the following fishing right or aquaculture right within 100,000 square meters:

(g) Land, etc. for fishery: Land, etc. not exceeding 40,000 square meters;

(h) Salt farm: A salt farm defined in subparagraph 3 of Article 2 of the Salt Industry Promotion Act and not exceeding 60,000 square meters;

2. Farmland, etc. located outside a residential area, commercial area, and industrial area designated under Article 36 of the National Land Planning and Utilization Act;

3. Farmland, etc. located outside a housing site development zone designated under the Housing Site Development Promotion Act or other development project zones prescribed by Presidential Decree.

(2) Where farmland, etc. exempted from gift tax pursuant to paragraph (1), is transferred within five years from the date of conveyance, as a gift, without just grounds prescribed by Presidential Decree, such as the death of farming offspring, etc., or the farming offspring, etc. discontinues to directly cultivate the farmland, etc. without just grounds prescribed by Presidential Decree, such as having a disease or attending school, the equivalent to the amount of gift tax exempted on such farmland, etc. added up by an amount equivalent to interest calculated as prescribed by Presidential Decree shall be immediately levied. *<Amended on Dec. 19, 2017; Dec. 31, 2023>*

(3) Where a farmer's child, etc. or a self-employed farmer, etc. is sentenced to imprisonment with labor or a fine prescribed by Presidential Decree for tax evasion or accounting fraud in connection with farming and the punishment becomes final and conclusive, the following classification shall apply. *<Added on Dec. 31, 2023>*

1. Where the sentence imposed on the children of farmers, etc. or self-employed farmers, etc. becomes final and conclusive before the tax base and tax rates are determined under Article 76 of the Inheritance Tax and Gift Tax Act: Paragraph (1) shall not apply;
2. Where a punishment for a farmer's child, etc. or a self-employed farmer, etc. becomes final and conclusive after the gift tax is reduced or exempted pursuant to paragraph (1): The amount equivalent to the reduced or exempted amount of gift tax on the donated farmland, etc. shall be collected in addition to the interest equivalent calculated in accordance with the Presidential Decree.

(4) Farming offspring, etc. referred to in paragraph (2) or (3) 2 shall file a return with the head of the tax office having jurisdiction over the place of tax payment within three months from the end of the month in which they fall under paragraph (2) or (3) 2, as prescribed by Presidential Decree, and shall pay gift tax and interest thereon to the tax office having jurisdiction over the place of tax payment, the Bank of Korea, or a post office; provided, this shall not apply where gift tax and interest thereon has been already collected under paragraph (2) or (3) 2. *<Added on Dec. 31, 2022; Dec. 31, 2023>*

(5) Where capital gains tax is levied on a transfer of farmland, etc. granted a reduction or exemption of gift tax under paragraph (1), the time of acquisition shall be the date on which the self-cultivating farmer, etc. acquire the farmland, etc., notwithstanding the Income Tax Act, and necessary expenses shall be determined with the necessary expenses at the time of acquisition by the self-cultivating farmer, etc. *<Amended on Dec. 19, 2017; Dec. 31, 2022; Dec. 31, 2023>*

(6) For the purposes of Article 3-2 (1) of the Inheritance Tax and Gift Tax Act, the farmland, etc. exempt from gift tax pursuant to paragraph (1) shall neither be deemed the donated property that is added to the inherited property, nor be included in the value of the donated property that is added to the taxable value of the inheritance tax pursuant to Article 13 (1) of the aforesaid Act. *<Amended on Dec. 31, 2011; Dec. 15, 2015; Dec. 31, 2022>*

(7) No farmland, etc. exempted from gift tax pursuant to paragraph (1), may be included in the value of the property donated by a self-cultivating farmer, etc. (including his or her spouse) and added within ten years before the date of such donation pursuant to Article 47 (2) of the Inheritance Tax and Gift Tax Act. *<Amended on Dec. 19, 2017; Dec. 31, 2022>*

(8) A farming offspring, etc. who intends to be granted a reduction or exemption of gift tax pursuant to paragraph (1) shall file an application therefor by the deadline for filing the tax return of gift tax, as prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; Dec. 31, 2022>*

(9) For the purposes of paragraphs (1) through (7), methods for calculating the holding period of the farmland, etc. exempted from gift tax, and the value of acquisition, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2022>*

Article 71-2 (Special Cases for Taxation of Capital Gains Tax and Comprehensive Real Estate Holding Tax on Purchasers of Housing in Depopulated Areas)

(1) A household (referring to a household as defined in Article 88, subparagraph 6 of the Income Tax Act) owning one unit of housing, one occupancy right of association member (referring to a member-occupancy right defined in subparagraph 9 of the same Article; hereafter the same shall apply in this paragraph), or one pre-sale right (referring to a pre-sale right defined in subparagraph 10 of the same Article; hereafter the same shall apply in this paragraph) shall, if it acquires one unit of housing located in a depopulation area during the period from January 4, 2024 to December 31, 2026, and such housing meets the criteria prescribed by Presidential Decree, including the location and value of the housing (hereinafter referred to as "depopulation area housing"), and subsequently transfers the housing, occupancy right of association member, or pre-sale right held prior to the acquisition of the depopulation area housing, depopulation area housing shall bebe deemed, for the purposes of the application of Article 89(1)(3) or (4) of the Income Tax Act, as not owning the Population-Declining Area Housing.

(2) If one household owning one house (referring to a household under subparagraph 8 of Article 2 of the Gross Real Estate Tax Act) acquires one unit of housing in a depopulation area during the period from January 4, 2024 to December 31, 2026, it shall be one house per household under Article 8 (1) 1 of that Act.

(3) Any person who intends to be eligible for paragraph (2) shall file a report to the head of a competent tax office from September 16 to 30 of the relevant year, as prescribed by Presidential Decree.

(4) In applying paragraphs (1) through (3), the procedures for verifying the acquisition of housing in a depopulation area and other necessary matters shall be prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

SECTION 8 Special Taxation for Support of Public Service Projects

Article 72 (Special Taxation concerning Corporate Tax on Incorporated Associations)

(1) Notwithstanding Articles 13 and 55 of the Corporate Tax Act, the corporate tax on the income of any of the following corporations for the business years that end on or before December 31, 2025 shall be levied (hereafter in this Article, referred to as "taxation on the profit for the year ") at the tax rate of 9/100 (or 12/100 of the excess, if the relevant amount exceeds two billion won (or four billion won, for the business year in which the incorporation of a new cooperative as a consequence of a merger or a cooperative surviving a merger is registered and the immediately following business year thereafter, where cooperatives are merged, on or before December 31, 2016)) to the aggregate of the amount calculated by adding the amount of donations (limited to donations related to its profit-making business), which has not

been added to deductible expenses under Article 24 of the Corporate Tax Act, and of the amount calculated by applying the provisions concerning the calculation of the amount of non-deductible expenses prescribed by Presidential Decree, such as business promotion expenses (limited to expenses related to its profit-making business), which have not been added to deductible expenses under Article 25 of the aforesaid Act, to the profit for the year on the final financial statements of the relevant corporation (referring to the profit for the year before deduction of corporate tax, etc.); provided, if the relevant corporation waives its entitlement to taxation on the profit for the year, as prescribed by Presidential Decree, no taxation on the profit for the year shall apply to the subsequent business years: *<Amended on Dec. 28, 1999; Oct. 21, 2000; Dec. 29, 2000; Dec. 29, 2001; Dec. 30, 2003; Dec. 31, 2004; Dec. 31, 2005; Dec. 30, 2006; Dec. 26, 2008; Jan. 1, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. A credit union incorporated under the Credit Unions Act, and a community credit cooperative incorporated under the Community Credit Cooperatives Act;
2. A cooperative and a cooperative joint business corporation incorporated pursuant to the Agricultural Cooperatives Act;
3. Deleted. *<Dec. 28, 1999>*
4. A fisheries cooperative (including a fishery village cooperative) and a cooperative joint business corporation incorporated under the Fisheries Cooperatives Act;
5. A cooperative, a business cooperative, and the National Federation of Cooperatives incorporated under the Small and Medium Enterprise Cooperatives Act;
6. A forestry cooperative (including a forestry village cooperative) and a cooperative joint business corporation incorporated under the Forestry Cooperatives Act;
7. A tobacco producers' cooperative incorporated under the Tobacco Producers Cooperatives Act;
8. A consumer cooperative incorporated under the Consumer Cooperatives Act.

(2) Articles 5-2, 6, 7, 7-2, 7-4, 8, 8-2, 8-3, 10, 10-2, 12, 12-2 through 12-4, 13, 14, 19, 22, 24, 25-4, 26, 28, 28-3, 29-2 through 29-4, 29-8 (3) and (4), 30-4, 31 (4) through (6), 32 (4), 33, 63, 63-2, 63-3, 64, 66 through 68, 99-9, 102, 104-14, and 104-15 shall not apply to corporations specified in paragraph (1) (excluding any corporation that waives its entitlement to taxation on the profit for the year under the proviso of paragraph (1)). *<Amended on Dec. 31, 2007; May 21, 2009; Mar. 12, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022>*

(3) Deleted. *<Jan. 1, 2013>*

(4) For the purposes of paragraph (1), where the cooperative referred to in paragraph (1) 4 or the forestry cooperative referred to in paragraph (1) 6 accepted support funds (referring to the support provided in such a manner that it repays funds after depositing such funds loaned free of interest from the Mutual Financing Depositors Protection Fund under the Act on the Prevention of Insolvency and Structural Improvement of Fisheries Cooperatives or the Act on the Structural Improvement of Forestry Cooperatives, in the National Federation of Fisheries Cooperatives or the National Forestry Cooperatives Federation upon receiving

interest periodically) to improve its financial structure, by not later than December 31, 2010, pursuant to Article 7 (1) 3 of the Act on Structural Improvement of Fisheries Cooperatives and Article 7 (1) 3 of the Act on Structural Improvement of Forestry Cooperatives; and keeps separate accounting for such funds, as prescribed by Decree of the Ministry of Economy and Finance, the interest that accrues from the deposit of such funds need not be deemed the income when calculating its profit for the year. In such cases, when such cooperative paid the interest and has accounted it as expenses (when disbursed to acquire assets, referring to accounting as the depreciation cost or the book value at the time of disposal), the amount of such interest shall not be deemed expenses. *<Amended on Jan. 1, 2010; Feb. 18, 2020>*

(5) For the purposes of paragraph (1), where an underwriting union or underwriting community credit cooperative referred to in Article 86-4 (2) of the Credit Unions Act or Article 80-2 (2) of the Community Credit Cooperatives Act (hereafter in this Article, referred to as "underwriting union, etc.") among the credit unions and community credit cooperatives provided for in paragraph (1) 1 accepts support funds (referring to the support provided in such a manner that the funds are loaned free of interest from the Depositor Protection Fund or the Depositor Protection Reserve, deposited in the National Credit Union Federation of Korea or the Korean Federation of Community Credit Cooperatives, and redeemed upon receiving interest periodically) to transfer a contract pursuant to Article 86-4 (3) of the Credit Unions Act or Article 80-2 (3) of the Community Credit Cooperatives Act by not later than December 31, 2015 and keeps separate accounting for such funds, as prescribed by Decree of the Ministry of Economy and Finance, the interest that accrues from the deposit of such funds need not be deemed income when computing the profit for the year. In such cases, where such underwriting union, etc. pays the interest and accounts it as expenses (when disbursed to acquire assets, referring to accounting as the depreciation cost or the book value at the time of disposal), such amount of interest shall not be deemed expenses. *<Added on Jan. 1, 2013>*

(6) Calculation of the amounts of donations and business promotion expenses of incorporated unions and cooperatives under paragraph (1), which have not added to deductible expenses, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2010; Jan. 1, 2013; Dec. 31, 2022>*

Article 72-2 Deleted. *<Dec. 30, 2006>*

Article 73 Deleted. *<Dec. 27, 2010>*

Article 74 (Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)

(1) Notwithstanding Article 29 (1) 2 of the Corporate Tax Act, any of the following corporations may include the income accruing from its profit-making business (limited to profit-making business conducted for users of the relevant business and facilities of the relevant business in cases of subparagraphs 4 and 5 of this paragraph, and limited to profit-making business related to activities of members of national teams

in cases of the athletic organizations referred to in subparagraph 6) in deductible expenses as reserves for its proper purpose business by the business years that end on or before December 31, 2025 for the purposes of Article 29 of the Corporate Tax Act: *<Amended on Dec. 27, 2010; Jul. 25, 2011; Dec. 31, 2011; Jan. 26, 2012; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; May 29, 2016; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2024>*

1. Any of the following educational foundations:
   (a) Educational foundations established under the Private School Act;
   (b) Industry-academy cooperation foundations established under the Industrial Education Enhancement and Industry-Academia-Research Cooperation Promotion Act;
   (c) Non-profit corporations established under Article 32 of the Civil Act, which operate lifelong educational facilities in the form of cyber-university under the Lifelong Education Act;
   (d) Seoul National University and its Development Fund established under the Act on Establishing and Administrating Seoul National University;
   (e) Deleted; *<Mar. 27, 2015>*
   (f) Incheon National University and its Development Fund established under the Act on Establishing and Administrating Incheon National University;
2. Social welfare foundations established under the Social Welfare Services Act;
3. Any of the following corporations:
   (a) National university-affiliated hospitals established under the Act on the Establishment of National University-Affiliated Hospitals and national university-affiliated dental hospitals established under the Act on the Establishment of National University-Affiliated Dental Hospitals;
   (b) The Seoul National University Hospital established under the Establishment of Seoul National University Hospital Act;
   (c) The Seoul National University Dental Hospital established under the Establishment of Seoul National University Dental Hospital Act;
   (d) The National Cancer Center established under the Cancer Control Act;
   (e) Local medical centers established under the Act on the Establishment and Management of Local Medical Centers;
   (f) Hospitals operated by the Korean National Red Cross under the Organization of the Republic of Korea National Red Cross Act;
   (g) The National Medical Center established under the Act on Establishing and Administrating the National Medical Center;
   (h) The Medical Technology Cooperation Foundation established by any of the following corporations pursuant to Article 28-2 of the Health and Medical Service Technology Promotion Act:
   (i) Corporations specified in subparagraph 1 (a);
4. Foundations operating libraries registered under the Libraries Act;

5. Foundations operating museums or art galleries registered under the Museum and Art Gallery Support Act;

6. Foundations prescribed by Presidential Decree as cultural and arts organizations and athletic organizations permitted or authorized by the Government;

7. Organizing committees publicly notified by the Minister of Economy and Finance as deemed necessary to efficiently prepare and manage international athletic games as organizing committees established pursuant to the International Athletic Games Support Act;

(a) Deleted; *<Dec. 31, 2022>*

(b) Deleted; *<Dec. 31, 2022>*

(c) Deleted; *<Dec. 31, 2022>*

(d) Deleted; *<Dec. 23, 2014>*

(e) Deleted; *<Dec. 31, 2022>*

(f) Deleted. *<Dec. 19, 2017>*

8. A corporation incorporated under the Act on the Establishment and Operation of Public Interest Corporations, which has disbursed at least 80/100 of the expenditure for its proper purpose business or general donations under Article 24 (3) 1 of the Corporate Tax for the relevant taxable year as scholarship;

9. Any of the following corporations:

(a) The Government Employees Pension Service established under the Public Officials Pension Act;

(b) The Korea Teachers Pension established under the Pension for Private School Teachers and Staff Act.

(2) Deleted. *<Dec. 31, 2022>*

(3) Deleted. *<Dec. 31, 2022>*

(4) For the purposes of Article 29 of the Corporate Tax Act, a non-profit domestic corporation (excluding any non-profit domestic corporation subject to paragraph (1)) that provides medical services by establishing a medical institution defined in Article 3 (2) 1 or 3 of the Medical Service Act, in any area prescribed by Presidential Decree, other than the over-concentration control region of the Seoul Metropolitan area and Metropolitan cities, taking account of its population, etc., may include the income accruing from its profit-making business in deductible expenses as reserves for its proper purpose business by the business years that end , on or before December 31, 2025. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

Article 75 (Donation Incentives)

(1) A resident eligible for a tax credit for a donation under Article 59-4 (4) of the Income Tax Act (hereafter in this Article, referred to as "donor"), may file an application for a donation incentive by which the equivalent to the tax credit for the donation (hereafter in this Article, referred to as "donation incentive"), may be paid to the person who has received the donation in substitution for the donor's tax

credit for the donation. *<Amended on Dec. 20, 2016>*

(2) The Minister of Strategy and Finance may designate an entity recognized and recommended by the Commissioner of the National Tax Service, that meets the requirements prescribed by Presidential Decree, in terms of the performance of duties to cooperate in tax payment, including the duty to prepare and keep statements of issuance of donation receipts under Article 160-3 of the Income Tax Act or Article 112-2 of the Corporate Tax Act (hereafter in this Article, referred to as "donation receipts"), and transparency in accounting, as an organization eligible for donation incentives, among those entities obliged to issue such donation receipts.

(3) An organization eligible for donation incentives designated under paragraph (2) (hereafter in this Article, referred to as "organization eligible for donation incentives"), shall ascertain whether a donor has applied for a donation incentive when it issues a donation receipt to the donor. It shall submit a statement of applications for donation incentives in the form prescribed by Decree of the Ministry of Economy and Finance, when submitting a statement of issuance of donation receipts pursuant to Article 160-3 (3) of the Income Tax Act or Article 112-2 (3) of the Corporate Tax Act.

(4) Upon receipt of a statement of applications for donation incentives from an organization eligible for donation incentives under paragraph (3), the head of the tax office having jurisdiction over the place of tax payment shall determine the donation incentives by subtracting the amount of subparagraph 2 from the amount of subparagraph 1. In such cases, the head of the tax office having jurisdiction over the place of tax payment shall determine the donation incentives within four months after the deadline for submitting a statement of applications for donation incentives under paragraph (3): *<Amended on Dec. 20, 2016; Dec. 29, 2020>*

1. The assessed amount of global income tax of the donor who applies for a donation incentive for the relevant taxable period;
2. The assessed amount of global income tax calculated, deeming that the donor has applied for the tax credit for a donation under Article 59-4 (4) of the Income Tax Act regarding the donation for which the donor applies for the donation incentive. In such cases, the maximum donation calculated under Article 59-4 (4) 2 of the Income Tax Act shall not apply to the donation for which a donation incentive is applied for, in calculating the tax credit for the donation under Article 59-4 (4) of the Income Tax Act.

(5) The head of the tax office having jurisdiction over the place of tax payment shall apply mutatis mutandis Article 51 of the Framework Act on National Taxes to an organization eligible for donation incentives, when he or she pays a donation incentive determined under paragraph (4) to the organization eligible for donation incentives. In such cases, "national tax refund" shall be construed as "donation incentive," and "refund" as "payment."

(6) If the head of the tax office having jurisdiction over the place of tax payment finds any omission or error in a determination on the amount of a donation incentive under paragraph (4), he or she shall correct the amount of the donation incentive.

(7) If it is found that a statement prepared by an organization eligible for donation incentives regarding an application for a donation incentive is untrue and the donation incentive is reduced by the correction made under paragraph (6), the head of the tax office having jurisdiction over the place of tax payment shall collect the aggregate of the following amounts in addition to the overpaid donation incentive (hereafter in this Article, referred to as "overpaid amount"): *<Amended on Dec. 29, 2020>*

1. The equivalent to 3/100 of the overpaid amount;
2. Overpaid amount × Period from the day immediately following the date of refund of the donation incentive, until the date of voluntary payment or the date of tax collection × Interest rate prescribed by Presidential Decree, based upon the interest rates, etc. applied by financial institutions to past due loans.

(8) The Minister of Strategy and Finance may revoke the designation of an organization eligible for donation incentives, as prescribed by Presidential Decree, if the organization falls under any of the following:

1. If a statement prepared by the organization eligible for donation incentives is untrue;
2. If a list stating the organization eligible for donation incentives as a dishonest donee organization is published under Article 85-5 of the Framework Act on National Taxes;
3. If the organization eligible for donation incentives is dissolved;
4. If the organization eligible for donation incentives violates any statute or engages in any unauthorized business, or if any of the grounds prescribed by Presidential Decree arises.

(9) If designation as an organization eligible for donation incentives is revoked under paragraph (8) 1, 2, or 4, it is disqualified from re-designation as an organization eligible for donation incentives for five years from the taxable year in which the designation is revoked.

(10) Where a donor applies for both the tax credit for a donation under Article 59-4 (4) of the Income Tax Act and the donation incentive, the donor shall be deemed to have applied for the tax credit for the donation for the purposes of Article 59-4 (4) of the Income Tax Act; provided, if a donor who has applied for a donation incentive applies for the tax credit for a donation after the deadline for submitting a statement of applications for donation incentives under paragraph (3), the donor shall be deemed to have applied for a donation incentive for the purposes of paragraphs (1) through (9). *<Added on Dec. 20, 2016>*

(11) Except as otherwise expressly provided for in paragraphs (1) through (10), procedures for applying for donation incentives; methods for distribution; methods for refunding donation incentives; and other necessary matters, shall be prescribed by Presidential Decree. *<Amended on Dec. 20, 2016>*

Article 76 (Special Cases, etc. of Including Political Funds in Deductible Expenses)

(1) Where a resident donates political funds to a political party (including its supporters' association under the Political Funds Act and the election commissions under that Act), an amount equivalent to 100/110 of the donated funds of up to 100 thousand won, and an amount equivalent to 15/100 of the amount exceeding 100 thousand won (if the such amount exceeds 30 million won, an amount equivalent to 25/100 of the amount exceeding 30 million won) shall be deducted respectively from his or her income tax on the

global income for the relevant taxable year wherein it has been disbursed; provided, where a resident business operator donates political funds, the amount exceeding 100 thousand won shall be added to his or her deductible expenses within the limits of the income amount less the carried-over deficits. *<Amended on Jan. 1, 2014>*

(2) No inheritance tax or gift tax shall be imposed on the political funds donated under paragraph (1).

(3) The inheritance tax or gift tax shall be levied on a person to whom any political fund, other than the political funds referred to in paragraph (1) is donated, by deeming that the person has succeeded to or been given such political fund, notwithstanding subparagraph 4 of Article 12 and subparagraph 3 of Article 46 of the Inheritance Tax and Gift Tax Act and other tax-related Acts.

Article 77 (Reduction or Exemption of Capital Gains Tax for Land for Public Works Projects)

(1) Capital gains tax on any of the following incomes accruing from the transfer of land, etc., on or before December 31, 2026, acquired at least two years, retrospectively, before the date the project approval is publicly notified for the area for a public project in which the land, etc. is located (or the date of transfer, if the land, etc. is transferred before the date the project approval is publicly notified) shall be reduced by an amount of tax equivalent to 10/100 of the capital gains tax (the tax reduction rate for the portion paid by the bonds prescribed by Presidential Decree, out of the sales price of the land, etc. shall be 15/100, but the rate shall be 30/100, if the income accrues from the sale under a negotiated agreement or as a consequence of expropriation under the Special Act on Public Housing and other Acts prescribed by Presidential Decree and if a special agreement is made to hold such bonds until maturity for at least three years in the manner prescribed by Presidential Decree (or the rate shall be 40/100, if maturity of such bonds exceeds five years): *<Amended on Jan. 1, 2013; Jan. 1, 2014; Jan. 14, 2014; Aug. 28, 2015; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. Income accruing from the transfer of land, etc. necessary for a public project subject to the Act on Acquisition of and Compensation for Land for Public Works Projects, to the implementer of the public project;
2. Income accruing from the transfer of land, etc. located in a rearrangement zone designated under the Act on the Improvement of Urban Areas and Residential Environments (excluding any rearrangement zone not requiring rearrangement infrastructure), to the relevant project implementer designated under that Act;
3. Income accruing as a consequence of expropriation of land, etc. under the Act on Acquisition of and Compensation for Land for Public Works Projects and other statutes.

(2) Where a resident transfers land, etc. he or she owns for at least two years (referring to land, etc. necessary for the public project referred to in paragraph (1) 1 or land, etc. within the rearrangement zones referred to in paragraph (1) 2; hereafter in this paragraph, the same shall apply), to the implementer of the public project referred to in paragraph (1) 1 or the project implementer referred to in paragraph (1) 2 (hereafter in this Article, referred to as "project implementer"), before such implementer is designated as a

project implementer (hereafter in this paragraph, referred to as "project implementer before designation"), on or before December 2015, and files his or her tax return (including a preliminary return) of the taxable period in which the relevant land, etc. is transferred, by the statutory filing deadline; and where the project implementer before designation, is designated as the project implementer within five years from the date the land, etc. is transferred, the resident is entitled to a reduction of capital gains tax under paragraph (1), as prescribed by Presidential Decree. In such cases, capital gains tax to be reduced shall be calculated pursuant to the Act in force as at the time of transfer, although the reduction rate, etc. is changed. *<Added on Dec. 27, 2010; Jan. 1, 2013>*

(3) Where any of the following events arises, the relevant project implementer shall pay the equivalent to the amount of tax reduced or exempted under paragraph (1) or (2), as income tax or corporate tax, when filing his or her tax return for the taxable year in which such event arises: *<Amended on Dec. 27, 2010; Feb. 8, 2017; Jun. 9, 2020>*

1. Where the implementer of a public project referred to in paragraph (1) 1, fails to commence the public project within three years from the date he or she obtains authorization, etc. to implement such project;
2. Where the project implementer referred to in paragraph (1) 2, fails to obtain authorization of an implementation plan under the Act on the Improvement of Urban Areas and Residential Environments, or to complete such project within the time limit prescribed by Presidential Decree.

(4) Where a person granted a reduction by an amount of tax equivalent to 30/100 (or 40/100 in cases of bonds with maturity of at least five years) of capital gains tax under a special agreement entered into to hold the relevant bonds until maturity under paragraph (1), breaches the special agreement, the equivalent to 15/100 (or 25/100 in cases of bonds with maturity of at least five years) of capital gains tax out of the amount of tax reduced shall be levied immediately. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 24, 2018>*

(5) The provisions concerning an additional amount equivalent to interest under Article 63 (3) shall apply mutatis mutandis where the amount of tax reduced under paragraph (1) 1 or 2 or (2) is paid under paragraph (3); and Article 66 (6) shall apply mutatis mutandis where the amount of tax reduced under paragraph (1) is levied under paragraph (4). *<Amended on Dec. 27, 2010; Dec. 29, 2020>*

(6) Any project implementer that intends to be granted a tax reduction as prescribed in paragraph (1) 1 or 2 shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

(7) Any person who intends to be granted a tax reduction under paragraph (1) 3 shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

(8) For the purposes of paragraphs (1) and (4), the terms and conditions of the special agreement to hold related bonds until maturity; methods for giving notice to the National Tax Service of a breach of such special agreement; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

(9) For the purposes of paragraphs (1) and (2), any parcel of land, etc. inherited or donated subject to Article 97-2 (1) of the Income Tax Act shall be deemed acquired on the date such parcel of land, etc. is

acquired by an inheritee or donor. *<Amended on Dec. 27, 2010; Jan. 1, 2014>*

Article 77-2 (Special Taxation for Capital Gains Tax on Compensation by Substitute Land)

(1) Where a resident who transferred a parcel of land that was acquired at least two years, counting retroactively, before the date of public announcement of project approval under the Act on Acquisition of and Compensation for Land for Public Works Projects (the date of transfer, if the transfer was made before the date of public announcement of project approval), to the implementer of the relevant public project, on or before December 31, 2026, due to the implementation of the public project, and to whom another parcel of land developed through the execution of such public project is conveyed, as part of the transfer price of the land (hereafter referred to as "compensation by substitute land" in this Article) under the proviso, with the exception of the subparagraphs, of Article 63 (1) of that Act, the resident is entitled to reduction of capital gains tax on the gains from such transfer by an amount equivalent to 40/100 of the capital gains tax, or entitled to deferment of the taxation of capital gains tax, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

(2) The implementer of a public works project under paragraph (1) shall, if a resident intends to be granted a reduction or exemption of capital gains tax or a deferral of the relevant tax pursuant to that paragraph, notify the National Tax Service of the details of compensation by substitute land by the methods prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

(3) Any resident granted a reduction of capital gains tax or tax deferral under paragraph (1) shall pay the amount of the capital gains tax reduced or deferred and the interest added thereto, as prescribed by Presidential Decree, in either of the following cases: *<Amended on Dec. 23, 2014; Dec. 31, 2019>*

1. If the compensation agreed to be paid by substitute land is paid in cash or any other cause prescribed by Presidential Decree occurs;

2. If the ownership transfer registration of the land acquired through the compensation by substitute land, such as where the right granted for compensation with land under the proviso of Article 63 (1) of the Act on Acquisition of and Compensation for Land for Public Works Projects is invested in kind in a real estate investment company under the Real Estate Investment Company Act, does not show that the cause of the registration is the substitution of land.

(4) Any person seeking to obtain a tax reduction or tax deferral under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

(5) For the purposes of paragraphs (1) through (3), the requirements and methods for compensation by substitute land, the grounds and methods for the payment of the amount of tax reduced or deferred, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

Article 77-3 (Capital Gains Tax Reduction or Exemption for Land subject to Purchase Following Designation of Development Restriction Zones)

(1) The following amounts of tax shall be reduced from any income accrued from the transfer of a parcel of land, etc. in a development restriction zone designated under Article 3 of the Act on Special Measures for Designation and Management of Development Restriction Zones (hereafter referred to as "development restriction zone" in this Article) through claim for purchase of land under Article 17 of that Act or purchase through consultation under Article 20 of that Act, by not later than December 31, 2025: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the date of the claim for purchase or the date of purchase through consultation after he or she acquired such land, etc. prior to the date of designation of the development restriction zone: An amount of tax equivalent to 40/100 of the capital gains tax;

2. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the date of the claim for purchase or the date of purchase through consultation after he or she acquired such land, etc. 20 years prior to the date of the claim for purchase or the date of purchase through consultation: An amount of tax equivalent to 25/100 of the capital gains tax.

(2) The following amounts of tax shall be reduced from any income accrued from the transfer of a parcel of land, etc., released from a development restriction zone, through purchase by consultation or expropriation under the Act on Acquisition of and Compensation for Land for Public Works Projects and other Acts, by not later than December 31, 2025; provided, this shall be limited to where approval of the relevant project is publicly announced under the Act on Acquisition of and Compensation for Land for Public Works Projects and other Acts within one year (five years when the relevant area is designated as an area prescribed by Presidential Decree, such as a free economic zone under the Act on Designation and Management of Free Economic Zones, prior to the cancellation of designation of a development restriction zone) from the date of cancellation of the designation of a development restriction zone: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017; Mar. 16, 2021; Dec. 31, 2022>*

1. Land, etc. owned by a resident prescribed by Presidential Decree residing on the land, etc. from the date of acquisition to the public announcement date of project approval after he or she has acquired such land, etc. prior to the date of designation of the development restriction zone: An amount of tax equivalent to 40/100 of the capital gains tax;

2. Land, etc. owned by a resident prescribed by Presidential Decree residing on the relevant land, etc. from the date of acquisition to the public announcement date of project approval after he or she has acquired such land, etc. 20 years before the public announcement date of project approval: An amount of tax equivalent to 25/100 of the capital gains tax.

(3) For the purposes of paragraphs (1) and (2), inherited land, etc. shall be deemed acquired on the date of acquisition of the land, etc. by the inheritee.

(4) For the purposes of paragraphs (1) and (2), filing applications for reduction or exemption, calculation of the period of residence, and other necessary matters shall be prescribed by Presidential Decree.

Article 78 Deleted. <*Dec. 29, 2001*>

Article 79 Deleted. <*Dec. 29, 2001*>

Article 80 Deleted. <*Dec. 29, 2001*>

Article 81 Deleted. <*Dec. 29, 2001*>

Article 81-2 Deleted. <*Dec. 30, 2006*>

Article 82 Deleted. <*Dec. 29, 2001*>

Article 83 (Special Taxation for Capital Gains Tax for Relocating Museums, etc.)

(1) Where a resident transfers the building of a museum, etc. and appurtenant land (hereafter in this Article, referred to as "existing establishment") to relocate any of the following establishments (hereafter in this Article, referred to as "museum, etc.") that the resident has operated for at least three years, by not later than December 31, 2022, the resident may pay capital gains tax on the equivalent to proceeds from transferring the existing establishment, calculated as prescribed by Presidential Decree, in not less than equal installments for five years from the third anniversary from the deadline for filing the final return on the tax base of capital gains tax for the relevant year in which such establishment is transferred: <*Amended on Dec. 31, 2019; Dec. 7, 2021*>

1. A nongovernmental public library registered pursuant to Article 36 of the Libraries Act;
2. A private museum or a private art gallery registered pursuant to Article 16 of the Museum and Art Gallery Support Act;
3. A private science museum registered pursuant to Article 6 of the Act on Establishment, Operation and Promotion of Science Museums.

(2) If a person subject to paragraph (1) fails to relocate the relevant museum, etc. as prescribed by Presidential Decree, or disposes of the relevant building and appurtenant land or closes the relevant museum, etc. within three years from the date of opening the museum, etc. after relocation, the person shall pay the amount calculated as prescribed by Presidential Decree as capital gains tax; provided, the foregoing shall not apply in extenuating circumstances prescribed by Presidential Decree.

(3) The latter part of Article 33 (3) shall apply mutatis mutandis to the amount of tax payable under the main sentence of paragraph (2).

(4) For the purposes of paragraph (1) or (2), submitting an application for payment in installments, and other necessary matters, shall be prescribed by Presidential Decree.

Article 84 Deleted. <*Dec. 30, 2006*>

Article 85 Deleted. <*Dec. 30, 2006*>

Article 85-2 (Special Taxation for Relocating Factories in Areas Subject to Development Plans of Administrative City and Innovation Cities to Rural Areas)

(1) Where a national operating a business with his or her factory facilities established within the area predetermined for the Administrative City under the Special Act on the Construction of Administrative City in Yeongi-Gongju Area for Follow-up Measures for New Administrative Capital or an area predetermined for an innovation city under the Special Act on the Construction and Development of Innovation Cities (hereafter in this Article, referred to as "administrative city, etc."), transfers the site and buildings of such factory to any of the project implementers designated under such Acts, no later than December 31, 2012, in order to relocate such factory to an area outside the administrative city, etc. prescribed by Presidential Decree (hereafter in this Article, referred to as "rural area"), the national may choose not to include the equivalent to proceeds from such transfer in his or her gross income, or is entitled to tax deferral, as follows: <*Amended on Dec. 26, 2017*>

1. The domestic corporation: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years, starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls;
2. Residents: To obtain tax deferral as prescribed by Presidential Decree.

(2) Where a national subject to paragraph (1) fails to relocate his or her factory to a rural area, or discontinues or closes his or her business within three years from the date the factory is transferred, as prescribed by Presidential Decree, the national shall include the amount calculated as prescribed by Presidential Decree, in his or her gross income, when calculating his or her income for the business year in which the relevant ground arises, or shall pay the amount of tax deferred as capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or paid as capital gains tax.

(3) Deleted. <*Dec. 31, 2019*>

(4) In any of the following cases, a resident (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph) granted deferred taxation under paragraph (1) 2 shall pay the amount of tax deferred, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: <*Added on Dec. 20, 2016; Jun. 9, 2020*>

1. Where the resident donates the factory acquired after relocating to a rural area (hereafter in this Article, referred to as "factory in a rural area"): Within three months from the end of the month in which

the factory is donated;

2. Where such factory in the rural area is inherited upon the death of the resident: Within six months from the end of the month in which inheritance commences.

(5) For the purposes of (1), (2), or (4), submitting a statement of proceeds from transfer, and other necessary matters shall be prescribed by Presidential Decree. <*Amended on Dec. 20, 2016*>

(6) Deleted. <*Dec. 31, 2019*>

Article 85-3 (Special Taxation for Corporate Tax on Investment in Kind, etc. with Land Located in Enterprise City Development Project District, etc.)

(1) Domestic corporations may be granted tax deferral of an amount equivalent to any of the following subparagraphs until they dispose of stocks acquired through investment in kind by including such amount in the deductible expenses as prescribed by Presidential Decree when the amount of income for the relevant taxable year is calculated: <*Amended on Jan. 1, 2013*>

1. Gains from transfer accrued from investment in kind in an enterprise prescribed by Presidential Decree that takes exclusive charge of enterprise city development projects under subparagraph 3 of Article 2 of the Special Act on the Development of Enterprise Cities (hereafter referred to as "enterprise taking exclusive charge of enterprise city development projects" in this Article) with land located in the enterprise city development project district no later than December 31, 2015;

2. Gains from transfer accrued from investment in kind in an enterprise that takes exclusive charge of development projects for the development promotion districts of underdeveloped areas under subparagraph 4 of Article 2 of the Special Act on the Promotion of Development Investments in Underdeveloped Areas (hereafter referred to as "enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped areas" in this Article) with land located in the development promotion districts of underdeveloped areas no later than December 31, 2015.

(2) Where a domestic corporation that has been granted corporate tax deferral pursuant to paragraph (1) purchases developed land in lots from an enterprise taking exclusive charge of enterprise city development projects or enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped area and pays the price of such purchase with stocks acquired through investment in kind, the corporate tax which has been granted deferral in the beginning shall not be levied notwithstanding the provisions of paragraph (1), and the imposition of the corporate tax may be again deferred, as prescribed by Presidential Decree, until the land purchased in lots is transferred.

(3) Where a domestic corporation includes the amount equivalent to the gains from transfer in the deductible expenses pursuant to paragraph (1) and thereafter the enterprise taking exclusive charge of enterprise city development projects or enterprise taking exclusive charge of development projects for the development promotion districts of underdeveloped area that has received the investment in kind with land closes business or dissolves, it shall include the total amount of those which are not added to the gross

income, in the gross income, when it calculates its amount of income for the business year to which the date on which such cause occurred belongs.

(4) Where a domestic corporation acquires stocks by investment in an enterprise that takes exclusive charge of the enterprise city development project with subsidies from the Tourism Promotion and Development Fund under Article 5 (3) 4 of the Tourism Promotion and Development Fund Act not later than December 31, 2015, the relevant stocks may be deemed assets used for business under Article 36 (1) of the Corporate Tax Act and be included in the deductible expenses by applying that Article mutatis mutandis. *<Amended on Jan. 1, 2013>*

(5) In applying paragraphs (1) and (2), the calculation of transfer margin subject to an inclusion in deductible expenses, the methods of taxation deferment, the submission of a specification of investment in kind, and other necessary matters shall be prescribed by Presidential Decree.

Article 85-4 (Special Taxation for Corporate Tax on Investment in Kind with Land for Free Economic Zone Development Projects)

(1) Where a development project operator (limited to any foreign investment enterprise referred to in Article 2 (1) 6 of the Foreign Investment Promotion Act) under Article 8-3 (1) and (2) of the Special Act on Designation and Management of Free Economic Zones makes investment in kind with land in possession in a domestic corporation prescribed by Presidential Decree by no later than December 31, 2014, an amount equivalent to the transfer margin accruing from such investment of land in kind may be included in the deductible expenses, under the conditions as prescribed by Presidential Decree, in calculating its income amount for the relevant business year, and thereby may be subject to taxation deferment until the development project operator disposes of the stocks acquired by such investment in kind. *<Amended on Apr. 4, 2011; Jan. 1, 2013>*

(2) Where a domestic corporation includes the amount equivalent to the transfer margin in deductible expenses pursuant to paragraph (1) and thereafter the domestic enterprise that has received the investment of land in kind discontinues or shuts down its business, it shall include the total amount of which is not included in gross income, in the gross income, when it calculates its income amount for the business year whereto belongs the date on which the relevant ground occurs.

(3) In applying paragraph (1), the calculation of transfer margin subject to an inclusion in deductible expenses, the methods of taxation deferment, the submission of a specification of investment in kind, and other necessary matters shall be prescribed by Presidential Decree.

Article 85-5 (Special Taxation for Proceeds from Transferring Land, etc. for Child-Care Centers)

(1) Where a person who operates a workplace child-care center under the Child Care Act (hereafter in this Article, referred to as "previous child-care center"), transfers the previous child-care center as at December 31, 2009, and then acquires a new workplace child-care center (hereafter in this Article, referred to as "new child-care center") within one year from the date of such transfer, the person may

choose not to include the equivalent to proceeds from transferring the previous child-care center in his or her gross income, or is entitled to tax deferral, as follows: *<Amended on Jun. 7, 2011>*

1. Corporations: Not to include the amount calculated as prescribed by Presidential Decree in the gross income, when calculating the income for the relevant business year. In such cases, the amount shall be included in the gross income in at least equal installments for the three business years from the business year falling on the third anniversary from the end of the business year in which the date of transfer falls;
2. Individuals: To obtain tax deferral as prescribed by Presidential Decree.

(2) Where a person subject to paragraph (1) fails to acquire a new child-care center, or closes a new child-care center within three years after starting operating the new child-care center, the person shall include the amount calculated as prescribed by Presidential Decree in the gross income, when calculating his or her income for the business year in which the relevant ground arises, or shall pay the amount of tax deferred as capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or paid as the capital gains tax. *<Amended on Jun. 7, 2011>*

(3) In any of the following cases, a resident (referring to the heir of the relevant resident in cases falling under subparagraph 2 of this paragraph) granted deferred taxation under paragraph (1) 2, shall pay the amount of tax deferred, calculated as prescribed by Presidential Decree, as capital gains tax, by the following relevant deadline: *<Added on Dec. 20, 2016; Jun. 9, 2020>*

1. Where the resident donates the new child-care center: Within three months from the end of the month in which it is donated;
2. Where the new child-care center is inherited upon the death of the resident: Within six months from the end of the month in which inheritance commences.

(4) For the purposes of paragraphs (1) through (3), the scope of child-care centers; submitting a statement of proceeds from transfer, an application for tax deferral, and an adjustment statement of inclusion in gross income in installments; and other necessary matters, shall be prescribed by Presidential Decree. *<Amended on Jun. 7, 2011; Dec. 20, 2016>*

Article 85-6 (Reduction or Exemption of Corporate Tax for Social Enterprises and Standard Workplaces for Persons with Disabilities)

(1) A national certified as a social enterprise, as defined in subparagraph 1 of Article 2 of the Social Enterprise Promotion Act, as at December 31, 2025, is entitled to a full exemption from corporate tax or income tax on the income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of certification, where no income accrues from the relevant business until the taxable year falling on such fifth anniversary), and also within the two subsequent taxable years from the date the following taxable year commences; and entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

(2) A national certified as a standardized workplace for persons with disabilities by December 31, 2025 under Article 22-4 (1) of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities is entitled to a full exemption from corporate tax or income tax on the income accruing from the relevant business for the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date of certification, where no income accrues from the relevant business until the taxable year falling on such fifth anniversary), and also within the two subsequent taxable years from the date the following taxable year commences; and entitled to a tax reduction by the equivalent to 50/100 of the income tax or corporate tax for the two subsequent taxable years thereafter. *<Added on Dec. 27, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

(3) A reduction or exemption of income tax or corporate tax for the relevant taxable year during the period of tax reduction or exemption under paragraphs (1) and (2) shall not exceed the amount prescribed in any of the following: *<Added on Dec. 31, 2019>*

1. In cases of a national certified as a social enterprise under paragraph (1): 100 million won + Number of full-time employees falling within a vulnerable social group under subparagraph 2 of Article 2 of the Social Enterprise Promotion Act × 20 million won;
2. In cases of a national certified as a standardized workplace for persons with disabilities under paragraph (2): 100 million won + Number of full-time employees who are persons with disabilities defined in subparagraph 1 of Article 2 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities × 20 million won.

(4) For the purposes of paragraph (1), where the certification of a social enterprise is revoked pursuant to Article 18 of the Social Enterprise Promotion Act due to any of the following grounds during the period of tax reduction or exemption, the social enterprise becomes ineligible for reduction or exemption of corporate tax or income tax as prescribed in paragraph (1) from the relevant taxable year: *<Amended on Dec. 27, 2010; Dec. 31, 2019>*

1. It has obtained certification fraudulently or deceptively;
2. It fails to meet any of the requirements for certification prescribed under Article 8 of the Social Enterprise Promotion Act.

(5) For the purposes of paragraph (2), where any of the following applies to a standard workplace for persons with disabilities during the period of tax reduction or exemption, it becomes ineligible for reduction or exemption of corporate tax or income tax under paragraph (2) from the relevant taxable year: *<Added on Dec. 27, 2010; Dec. 31, 2019>*

1. Where it has obtained a loan or subsidy under Article 21 or 22 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities fraudulently or deceptively;
2. Where the business operator fails to use a loan or subsidy granted under Article 21 or 22 of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities for the purposes provided for in the same provisions;

3. Where the certification is revoked under Article 22-4 (2) of the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities.

(6) Where a national granted a tax reduction or exemption pursuant to paragraph (1) or (2), falls under paragraph (4) 1 or (5) 1, the national shall pay the amount of tax reduced or exempted, plus an amount calculated by applying mutatis mutandis the provisions on the additional amount equivalent to interest under Article 63 (3), as corporate tax or income tax, at the time of filing his or her tax return for the taxable year in which the relevant ground arises. *<Amended on Dec. 27, 2010; Dec. 31, 2019; Dec. 29, 2020>*

(7) For the purposes of paragraph (3), the scope of full-time employees, the method of calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 31, 2019>*

(8) Any person who intends to be granted a tax reduction or exemption pursuant to paragraph (1) or (2), shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Dec. 31, 2019>*

Article 85-7 (Special Taxation for Relocation of Factories due to Expropriation for Public Works Projects)

(1) Where a domestic corporation or a resident transfers the site and buildings of a factory that has been operated within the area for a public service project for at least two years (including land held for at least five years, counting retroactively from the date of public announcement of project approval, is for a factory operated for at least one year as at the date of transfer where such factory has been operated for less than two years, counting retroactively, from the date of public announcement of project approval), counting retroactively from the date of public announcement of project approval (referring to the date of transfer where such site and buildings are transferred before the date of public announcement of project approval; hereafter the same shall apply in this Article), to the implementer of the relevant public service project by not later than December 31, 2026, due to the implementation of the public service project pursuant to the Act on Acquisition of and Compensation for Land for Public Works Projects, in order to relocate such factory to an area prescribed by Presidential Decree located outside the area for such public service project (including such area for the public service project where land within that area developed as a consequence of the implementation of the public service project is used as the site of the factory after acquiring it directly from the implementer of the public service project), the domestic corporation or the resident may either exclude an amount equivalent to the gains accruing from the transfer of such site and buildings of the factory (including partial transfer of the site of the factory), from the gross income of the domestic corporation or the resident, or pay the capital gains tax on such gains from transfer in installments as follows: *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

1. The domestic corporation: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business

year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years, starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls;

2. The resident: Not deeming the capital gains tax calculated, as prescribed by Presidential Decree, to be capital gains tax payable by the filing deadline of the final capital gains tax return for the relevant year in which the date of transfer falls. In such cases, the amount of such tax shall be paid, in at least equal installment, during the period of five years, starting from the fifth anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such site and buildings are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate a factory, as prescribed by Presidential Decree, or closes his or her business or is dissolved within three years from the date of transfer of the factory, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

Article 85-8 (Special Taxation for Small or Medium Enterprises Upon Relocation of Factories)

(1) Where a small or medium enterprise that has engaged in business for at least two consecutive years with factory facilities relocates its factory to an area other than the area prescribed by Presidential Decree, or a small or medium enterprise that has engaged in business for at least two consecutive years with factory facilities in an industrial complex established under the Industrial Sites and Development Act relocates to another factory in the same industrial complex, the small or medium enterprise may either exclude an amount equivalent to the gains accruing from the transfer of such site and buildings of the relevant factory by not later than December 31, 2025, from the gross income of the small or medium enterprise, or pay the capital gains tax on such gains accruing from such transfer in installments, as follows: *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 19, 2017; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022>*

1. Domestic corporations: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In such cases, the relevant amount shall be included in the gross income, in at least equal installments, during the period of five business years, starting from the business year in which the fifth anniversary of the end of the business year in which such site and buildings are transferred falls;

2. Residents: Not deeming the capital gains tax calculated, as prescribed by Presidential Decree, to be capital gains tax payable by the filing deadline of the final capital gains tax return for the relevant year in which the date of transfer falls. In such cases, the amount of such tax shall be paid, in at least equal

installment, during the period of five years, starting from the fifth anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such site and buildings are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate a factory, as prescribed by Presidential Decree, or closes his or her business or is dissolved within three years from the date of transfer of the factory, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

Article 85-9 (Special Taxation for Relocation of Logistics Facilities due to Expropriation for Public Service Projects)

(1) Where a domestic corporation or a resident transfers the site or buildings of logistics facilities (hereafter referred to as "logistics facilities" in this Article) to the implementer of a public service project by not later than December 31, 2026 in order to relocate such logistics facilities prescribed by Presidential Decree, which have been used for at least five years, counting retroactively from the date of public announcement of project approval (or from the date of transfer if such transfer is made before the date of public announcement of project approval), to an area prescribed by Presidential Decree due to the implementation of the public service project pursuant to the Act on Acquisition of and Compensation for Land for Public Works Projects, the domestic corporation or the resident may either exclude an amount equivalent to the transfer gains from its gross income, or pay the capital gains tax on such transfer gains in installments, as follows: *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. The domestic corporation: Excluding the amount calculated, as prescribed by Presidential Decree, from the gross income for the purposes of computing the amount of income for the relevant business year. In this regard, the relevant amount shall be included in the gross income, in at least equal installments, during the period of three business years, starting from the business year in which the third anniversary of the end of the business year in which such site and buildings are transferred falls;

2. The resident: Paying the capital gains tax calculated, as prescribed by Presidential Decree, in installments. In this regard, the amount of such tax shall be paid, in at least equal installment, during the period of three years, starting from the third anniversary of the end of the filing deadline for the final capital gains tax return for the relevant year in which such logistics facilities are transferred falls.

(2) Where a national accorded special tax treatment under paragraph (1) fails to relocate logistics facilities, as prescribed by Presidential Decree, or closes his or her business or is dissolved within three years from the date of transfer of the logistics facilities, the national shall either include the amount calculated by the

formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the tax to be paid in installments as the capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

(3) For the purposes of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

Article 85-10 (Capital Gains Tax Reduction or Exemption for Mountainous Districts Transferred to State)

(1) Where a national transfers a mountainous district defined in the Mountainous Districts Management Act (excluding any mountainous district located in an urban area designated under the National Land Planning and Utilization Act; hereafter referred to as "mountainous district" in this paragraph) he or she has held for at least two years, to the State, on or before December 31, 2022, pursuant to Article 18 of the State Forest Administration and Management Act, the resident is entitled to a reduction of capital gains tax levied on the income accruing from such transfer by an amount equivalent to 10/100 of the capital gains tax. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 29, 2020>*

(2) A person seeking to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

SECTION 9 Special Taxation for Support of Savings

Article 86 Deleted. *<Jan. 1, 2013>*

Article 86-2 Deleted. *<Jan. 1, 2013>*

Article 86-3 (Income Deductions for Mutual Aid Funds for Small Enterprises and Micro Enterprises)

(1) Where a resident joins, and makes deposits, in a mutual aid fund prescribed by Presidential Decree for small enterprises and micro enterprises under Article 115 of the Small and Medium Enterprise Cooperatives Act (hereafter in this Article, referred to as "mutual aid fund for small or micro enterprises"), the resident is entitled to deduct an amount calculated by multiplying an amount deposited in the mutual aid fund for the relevant year or of the amount classified as follows, whichever is smaller, by the ratio of the amount calculated by subtracting the amount of income accruing from a real estate rental business under Article 45 (2) of the Income Tax Act, from the amount of business income for the relevant taxable year (or from the amount of earned income, if the resident is the representative of a corporation and his/her gross pay for the relevant taxable period do not exceed 80 million won; hereafter in this paragraph, the same shall apply), to the amount of business income; provided, the amount to be deducted from the amount of business income shall not exceed the amount calculated by subtracting the amount of income

accruing from a real estate rental business under Article 45 (2) of the Income Tax Act, from the amount of business income: *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2024>*

1. If the amount of business income for the relevant taxable year does not exceed 40 million won: 6 million won;
2. If the amount of business income for the relevant taxable year is exceeds 40 million won but does not exceed 100 million won: 4 million won;
3. If the amount of business income for the relevant taxable year exceeds 100 million won: 2 million won.

(2) Incomes accruing from the mutual aid fund for small or micro enterprises under paragraph (1) shall be deemed accrued at the time the person who has joined the mutual aid fund for small or micro enterprises actually receives such incomes.

(3) Where a person receives mutual aid benefits from the mutual aid fund for small or micro enterprises due to any of the grounds prescribed by Presidential Decree, such as business closure, the amount calculated by the following formula shall be levied as income tax, deeming such amount to be the retirement income under Article 22 (1) 2 of the Income Tax Act. In such cases, the number of years of continuous service under Articles 48 and 55 of the Income Tax Act shall be determined by the method prescribed by Presidential Decree, based upon the period of membership of the mutual aid fund for small or micro enterprises: *<Amended on Dec. 23, 2014>*

Retirement income = Mutual aid benefits Aggregate of deposits made in excess of the amount of actual income deduction.

(4) Where a person terminates a contract for the mutual aid fund for small or micro enterprises before any of the grounds prescribed by Presidential Decree, such as business closure, arises, the amount calculated by the following formula shall be levied as income tax, deeming such amount to be miscellaneous incomes under Article 21 of the Income Tax Act; provided, paragraph (3) shall apply where the contract is terminated due to any of the grounds prescribed by Presidential Decree, such as emigration to abroad:

Miscellaneous incomes = Amount refunded upon termination Aggregate of deposits made in excess of the amount of actual income deduction.

(5) Deleted. *<Dec. 20, 2016>*

(6) Where the amount of tax payable under paragraph (3) or (4) is not paid by the deadline prescribed under Article 128 (1) of the Income Tax Act, or is underpaid, the Korea Federation of Small and Medium Business incorporated under the Small and Medium Enterprise Cooperatives Act shall pay the amount of tax unpaid or underpaid, plus an amount calculated under Article 47-5 (1) of the Framework Act on National Taxes. *<Amended on Dec. 20, 2016>*

(7) No income tax imposed under paragraph (4) shall exceed the refund that a member of the mutual aid fund for small or micro enterprises receives upon termination of the contract for the mutual aid fund for small or micro enterprises. *<Amended on Dec. 20, 2016>*

(8) The methods and procedures for granting income deductions to persons who have joined the mutual aid fund for small or micro enterprises, and other necessary matters shall be prescribed by Presidential Decree.

Article 86-4 (Tax Credit on Pension Accounts)

Where Article 59-3 of the Income Tax Act applies until December 31, 2022 to a resident aged 50 or older, who has global income and the total amount of whose income under Article 14 (3) 6 of the Income Tax Act does not exceed 20 million won, notwithstanding the proviso of paragraph (1) of that Article, an amount in excess of six million won in the amount deposited in a pension savings account, among pension accounts, shall be deemed nil, and an amount in excess of nine million won in the aggregate of the amount not exceeding six million won, out of the amount deposited in the pension savings account, and the amount deposited in a retirement pension account shall be deemed nil; where the amount deposited in a pension savings account, among pension accounts, by a resident whose global income, which shall be aggregated at the time of calculating global income tax base for the relevant taxable period, exceeds three million won per year, the excess amount shall be deemed nil, and an amount in excess of seven million won per year in the aggregate of the amount not exceeding three million won in the amount deposited in the pension savings account and the amount deposited in the retirement pension account shall be deemed nil.

Article 87 (Income Deductions for Collective Savings Accounts for Housing Subscription)

(1) No income tax shall be imposed on any interest income and dividend income accruing from a savings account opened to purchase a housing unit (hereafter in this Article, referred to as "long-term savings account for housing purchase") by not later than December 31, 2012, if the account meets all of the following requirements:

1. Persons eligible to open a long-term savings account for housing purchase shall be a resident of at least 18 years of age, falling under any of the following at the time of opening an account:

(a) The head of a household prescribed by Presidential Decree (hereafter in this Article, referred to as "household") that does not own a house;

(b) The head of a household that owns only one house with the standard market price not exceeding 50 million won, appraised under Article 99 (1) of the Income Tax Act (hereafter in this Article, referred to as "standard market price"), or with the standard market price not exceeding 300 million won and not larger than the size prescribed by Presidential Decree (hereafter in this Article, referred to as "house of national housing size");

2. Requirements prescribed by Presidential Decree, including the limits on installment savings and the contract period shall be satisfied.

(2) Where a resident (excluding daily employed workers) with earned income, who is the head of a household or his/her spouse (hereafter referred to as "the head of a household, etc." in this Article), has

gross pay for the relevant taxable year under Article 20 (2) of the Income Tax Act that does not exceed 70 million won; does not own any house during the taxable period; and has deposited an amount in his/her collective savings account for housing subscription under the Housing Act by not later than December 31, 2025 during the taxable period, the resident is entitled to deduct the equivalent to 40/100 of the amount deposited in his/her savings account (the maximum shall be 3 million won per year, but the amount deposited only after the taxable period eligible for income deductions under paragraph (4) 1 is eligible for deduction) from his/her earned income for the relevant taxable period; provided, no amount deposited during the relevant taxable period shall be deducted, if the account is closed before maturity due to any ground other than winning a draw to acquire a house or any ground other than grounds prescribed by Presidential Decree: *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 15, 2015; Jan. 19, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019, Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Deleted. *<Jan. 19, 2016>*
2. Deleted. *<Jan. 19, 2016>*

(3) Where a collective savings account for housing subscription that meets all of the following requirements (hereafter in this Article, referred to as "collective savings account for housing subscription giving preferential treatment to youths"), is opened by not later than December 31, 2025, no income tax shall be levied on the total amount of interest income of up to five million won accruing from the relevant account. In such cases, the deposit amount eligible for non-taxation shall be limited to six million won per year, including amounts deposited in all financial companies: *<Added on Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Only a youth prescribed by Presidential Decree, who is the head of a household, etc. with no house owned as at the time the relevant account was opened, shall be eligible to open the account, as a resident specified in any of the following items:
   (a) A person with earned income whose gross pay in the immediately preceding taxable period shall not exceed 36 million won (limited to a person who has either only earned income or global income which does not include the sum of earned income and the tax base of global income, in the immediately preceding taxable period, and excluding a person who has only non-taxable income);
   (b) A person whose global income added to the tax base of global income in the immediately preceding taxable year, shall not exceed 26 million won (excluding a person whose gross pay in the immediately preceding taxable year exceeds 36 million won, and a person who has only non-taxable income;
2. The contract period shall be at least two years.

(4) A person who intends to be granted an income deduction for the amount deposited in his/her collective savings account for housing subscription pursuant to paragraph (2) or a person who intends to be granted non-taxation on the interest income accruing from his/her collective savings account for housing subscription giving preferential treatment to youths pursuant to paragraph (3) shall submit the document prescribed by Presidential Decree verifying that he/she is the head of a household, etc. with no house

owned (hereafter in this Article, referred to as "non-homeowner certificate") to the institution handling such savings account at the timing classified as follows: *<Amended on Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2024>*

1. If he or she intends to be granted an income deduction pursuant to paragraph (2), by not later than the end of February of the year following the taxable period for which he or she intends to be grated a income deduction (hereafter in this Article, referred to as "taxable period eligible for income deduction");
2. If he or she intends to be granted non-taxation on interest income pursuant to paragraph (3), within two years from the opening of the savings account.

(5) If the aggregate of the amounts deducted under paragraph (2) of this Act and Article 52 (4) of the Income Tax Act, exceeds four million won per year, such excess shall not be deducted from the earned income for the relevant year; and if the aggregate of the amounts deducted under paragraph (2) of this Act and Article 52 (4) through (6) of the Income Tax Act, exceeds 8 million won per year (or the maximum amount on each deduction, if a long-term house mortgage loan provided under Article 52 (5) of the Income Tax Act meets the requirements of Article 52 (6) of that Act), such excess shall not be deducted from the earned income for the relevant year. In such cases, whether the account holder constitutes the head of a household, etc. shall be determined as at the end of the relevant taxable period. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

(6) If a person who has opened a long-term savings account for housing purchase or a collective savings account for housing subscription giving preferential treatment to youths withdraws the principal, interest, etc. from the account, or closes the account within the period classified as follows, the financial institution handling such savings account shall collect the tax reduction or exemption granted on the interest income and dividends income exempt from income tax according to Article 146-2; provided, the same shall not apply where the savings account is closed due to the account holder's death or emigration to abroad or any other reason prescribed by Presidential Decree: *<Amended on Dec. 24, 2018; Dec. 29, 2020>*

1. A long-term savings account for housing purchase: Seven years;
2. A collective savings account for housing subscription giving preferential treatment to youths: Two years.

(7) Where a person granted an income deduction for the amount deposited in a collective savings account for housing subscription, falls under any of the following cases, the institution handling the relevant savings account shall additionally collect an amount (hereafter in this Article, referred to as "additional tax") calculated by multiplying the aggregate of the amounts deposited after the taxable period to which the income deduction was applied (such amount shall not exceed 3 million won per annum) by 6/100 from the amount in the relevant savings account, at the time of closing the savings account, and shall pay it to the head of the tax office having jurisdiction over withholding tax by not later than the 10th day of the month immediately following the month in which the account is closed: Provided, That if the person granted an income deduction proves that the amount of tax reduced or exempted by the relevant income

deduction falls short of the additional amount of tax, the equivalent to such amount of tax reduced or exempted shall be collected additionally: *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2023>*

1. Where the person closes the savings account within five years from the date of opening the savings account; provided, the same shall not apply where the savings account is closed due to the account holder's death or emigration to abroad or any other reason prescribed by Presidential Decree;
2. Where the person wins a draw to acquire a house that exceeds the size of national housing and is constructed according to the project plan approved under the Housing Act.

(8) Where an institution handling savings accounts fails to pay the additional amount of tax calculated under paragraph (7) by the prescribed deadline or underpays it, the institution shall pay the equivalent to 10/100 of the amount of tax unpaid or underpaid, to the head of the tax office having jurisdiction over withholding tax in addition to such additional amount of tax. *<Amended on Jan. 1, 2013; Dec. 24, 2018; Dec. 29, 2020>*

(9) Persons eligible to open the long-term savings account for housing purchase shall be identified and managed in the following manner: *<Amended on Dec. 23, 2014; Dec. 24, 2018>*

1. The Commissioner of the National Tax Service shall examine whether each holder of the long-term savings account for housing purchase fully meets the requirements of the subparagraphs of paragraph (1) as at the time of opening the account and notify the financial institution handling the savings account of the findings within the period prescribed by Presidential Decree;
2. The Commissioner of the National Tax Service shall examine whether each holder of the long-term savings account for housing purchase fully meets the requirements of the subparagraphs of paragraph (1) (excluding the requirement that the standard market price shall not exceed 300 million won) as at the end of the taxable year falling on the seventh anniversary from the date of opening the long-term savings account for housing purchase and as at the end of every third taxable period after the aforementioned taxable year, and shall notify the financial institution handling the account of the findings. In such cases, the savings account shall be deemed terminated as at the date the financial institution receives the relevant notification if the person fails to meet any of the requirements of the subparagraphs of paragraph (1) (excluding the requirement that the standard market price shall not exceed 300 million won), but paragraphs (6) and (8) shall not apply.

(10) Persons eligible to open a collective savings account for housing subscription or a collective savings account for housing subscription giving preferential treatment to youths shall be identified and managed as follows: *<Amended on Dec. 27, 2010; Mar. 23, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 31, 2024>*

1. Each institution handling the savings account shall submit a list of persons who have submitted non-homeowner certificates to the Minister of Land, Infrastructure and Transport by not later than the deadline prescribed by Presidential Decree;
2. The Minister of Infrastructure and Transport shall verify whether the persons who have submitted non-homeowner certificates are the head of a household, etc. with no house owned by not later than the

deadline prescribed by Presidential Decree, and shall notify the findings thereof to the Commissioner of the National Tax Service and institutions handling such savings account by not later than the deadline prescribed by Presidential Decree;

3. Deleted. *<Dec. 31, 2024>*

(11) The procedure for opening and closing a long-term savings account for housing purchase and a collective savings account for housing subscription giving preferential treatment to youths; the procedure for applying non-taxation; and the procedure for income deductions with respect to the deposit in the saving account for subscription and the collective savings account for housing subscription; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

Article 87-2 (Non-Taxation on Lump-Sum Savings of Farming and Fishing Households)

Where a farmer or fisherman opens a lump-sum savings account under the Act on Raising Lump-Sum Saving of Farming and Fishing Households by not later than December 31, 2025, no income tax, gift tax, or inheritance tax shall be levied on the interest income and saving incentives that the farmer, fisherman, or any of his or her descendants receives on the maturity of the lump-sum savings account or due to any of the following events that arises one year after the date of opening such account: *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022>*

1. Where the farmer or fisherman dies;
2. Where the farmer or fisherman emigrates abroad;
3. Where a natural calamity or other causes prescribed by Presidential Decree occur.

Article 87-3 Deleted. *<Jan. 1, 2010>*

Article 87-4 Deleted. *<Dec. 31, 2005>*

Article 87-5 (Special Taxation for Stockholders of Ship Investment Companies)

(1) Deleted. *<Dec. 31, 2005>*

(2) Notwithstanding Article 129 of the Income Tax Act, the tax rate of 9/100 shall apply to the dividends paid by any ship investment company defined in subparagraph 1 of Article 2 of the Ship Investment Company Act (hereinafter referred to as "ship investment company") to a resident on or before December 31, 2015 with respect to the stocks in his or her possession by ship investment company with par value not exceeding 50 million won. In such cases, the dividend income of the stocks in his or her possession with par value not exceeding 200 million won shall not be included in the tax base of global income calculated under Article 14 (2) of the Income Tax Act. *<Amended on Jan. 1, 2010; Dec. 27, 2010; Jan. 1, 2014>*

(3) If a ship investment company intends to pay the dividend income where its stocks have been electronically registered with, or deposited in, an investment trader or investment broker, it shall, immediately after passing a resolution on dividend payment, notify the investment trader or investment

broker of a detailed statement of the income subject to separate taxation under paragraph (2) classified by stockholder, investment trader or investment broker directly or through an electronic registry defined in subparagraph 6 of the Act on Electronic Registration of Stocks and Bonds (hereinafter referred to as "electronic registry") or the Korea Securities Depository under Article 294 of the Financial Investment Services and Capital Markets Act (hereinafter referred to as "Korea Securities Depository"), and the investment trader or investment broker so notified shall withhold as notified. *<Amended on Dec. 26, 2008; Mar. 22, 2016>*

(4) If the stocks of a ship investment company are not deposited in an investment trader or an investment broker, the ship investment company shall divide the dividends to each stockholder into the income subject to the separate taxation under the forepart of paragraph (2) and the income subject to the separate taxation under Article 129 of the Income Tax Act directly or through its stock transfer agency to collect the withholding tax accordingly. *<Amended on Jan. 1, 2010>*

(5) Where the withholding agent referred to in paragraphs (3) and (4) directly pays the dividends of the relevant ship investment company, he or she shall submit a detailed statement of the separate taxation of the ship investment company in the form prescribed by Decree of the Ministry of Economy and Finance to the head of the tax office having jurisdiction over withholding tax by the end of the month immediately following the end of the quarter on which the payment date of the dividends falls. *<Amended on Jan. 1, 2010>*

Article 87-6 (Special Taxation for Dividend Income from Collective Investment Securities, such as Real Estate Funds)

(1) Where a resident receives dividend income, by not later than December 31, 2018, for stocks or beneficiary certificates (hereafter in this Article, referred to as "collective investment securities") of any real estate fund under the Financial Investment Services and Capital Markets Act (including a privately-placed fund defined in Article 9 (19) of that Act, which invests at least 50/100 of its collective investment property in the real estate specified in subparagraph 2 of Article 229 of that Act) or of any real estate investment company under the Real Estate Investment Company Act (hereafter in this Article, referred to as "real estate fund, etc."), which invests at least the ratio prescribed by Presidential Decree of its total assets, in the rental housing prescribed by Presidential Decree, from such real estate fund, etc., the resident need not add such dividend income to the tax base of his or her global income under Article 14 (2) of the Income Tax Act, if the total par value of the collective investment securities in each real estate fund, etc. does not exceed 200 million won. In such cases, the tax rate of 5/100 shall apply to the dividend income from collective investment securities, if the total par value of collective investment securities in each real estate fund, etc., does not exceed 50 million won, notwithstanding Article 129 of the Income Tax Act. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 20, 2016>*

(2) Where the collective investment securities in a real estate fund, etc., are electronically registered with, or deposited in, an investment trader or investment broker, the real estate fund, etc. shall notify the

investment trader or investment broker to whom a holder of such collective investment securities entrusts the purchase and sale of a statement of income subject to separate taxation under paragraph (1) classified by holder of collective investment securities, investment trader, or investment broker, directly or through the electronic registry or the Korea Securities Depository, immediately after deciding to pay the dividend income; and the investment trader or investment broker in receipt of notification shall withhold the tax as notified. *<Amended on Mar. 22, 2016>*

(3) Where the collective investment securities in a real estate fund, etc., are not deposited with an investment trader or investment broker, the real estate fund, etc. shall withhold the tax, directly or through its transfer agency, upon classifying the income subject to separate taxation by holder of collective investment securities.

(4) Where the withholding agents referred to in paragraphs (2) and (3), pay the dividend income from the real estate fund, etc. directly, they shall submit a statement of the separate taxation of the real estate fund, etc., in the form prescribed by Decree of the Ministry of Economy and Finance, to the head of the tax office having jurisdiction over the withholding tax, by the end of the month immediately following the end of the quarter in which the dividend income is paid.

(5) Where a resident invests in collective investment securities of a real estate fund, etc. under a trust contract with a trust business entity permitted under the Financial Investment Services and Capital Markets Act, the trust business entity and the real estate fund, etc. shall be deemed to be in an agency or delegation relationship in relation to the withholding obligation. *<Added on Dec. 20, 2016>*

(6) Methods for computing the investment ratio of a real estate fund, etc.; methods for withholding taxes; and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 20, 2016>*

Article 87-7 (Special Taxation on Dividend Income from Collective Investment Securities of Publicly Offered Real Estate Funds)

(1) Where a resident invests in equity securities or beneficiary securities (hereinafter referred to as "collective investment securities of a publicly offered real estate fund") of a trust, company, or partnership falling under any of the following subparagraphs (hereinafter referred to as"publicly offered real estate fund") by December 31, 2026, the tax rate of 9/100 shall apply to the dividend income and financial investment income (limited to income accrued within three years from the date of investment) from investments not exceeding 50 million won per resident in collective investment securities issued by a publicly offered real estate fund and held by the relevant resident, without aggregating the global income tax base under Article 14 (2) of the Income Tax Act, notwithstanding Article 129 of the Income Tax Act: *<Amended on Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

1. A real estate fund defined in subparagraph 2 of Article 229 of the Financial Investment Services and Capital Markets Act (excluding private equity funds under Article 9 (19) of that Act);
2. A publicly offered real estate investment company under Article 49-3 (1) of the Real Estate Investment Company Act;

3. A collective investment scheme under Article 9 (18) of the Financial Investment Services and Capital Markets Act (excluding private equity funds defined in Article 9 (19) of that Act) and a publicly offered real estate investment company under Article 49-3 (1) of the Real Estate Investment Company Act, which invest the total amount of investment of collective investment assets in subparagraph 1 or 2 (excluding the cases prescribed by Presidential Decree for temporary management, etc. of investment standby funds);

(2) A resident who wishes to be granted special taxation under paragraph (1) shall submit a detailed statement of collective investment securities of the publicly offered real estate funds eligible for special taxation under paragraph (1) to the investment trader or investment broker to whom the resident entrusts sale and purchase of the securities (or to the relevant publicly offered real estate fund if collective investment securities of the publicly offered real estate fund are not deposited), as prescribed by Presidential Decree.

(3) An investment trader, an investment broker, or a publicly offered real estate investment fund (hereafter in this Article, referred to as "withholding agent") shall separate dividend income eligible for special taxation under paragraph (1) in withholding taxes. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

(4) Notwithstanding paragraph (1), if a resident transfers ownership of collective investment securities of a publicly offered real estate fund eligible for special taxation under paragraph (1) on or before the third anniversary of the date of investment, the withholding agent shall additionally collect the amount equivalent to income tax for which the resident was granted special taxation under paragraph (1), according to Article 146-2; provided, this shall not apply in the case of transferring ownership for reasons falling under any of the following subparagraphs: *<Amended on Dec. 29, 2020; Dec. 31, 2023>*

1. Where he or she invests by converting it into collective investment securities of another publicly offered real estate collective investment scheme, as prescribed by Presidential Decree;
2. Where there is an unavoidable cause prescribed by Presidential Decree.

(5) Methods for calculating dividend income from collective investment securities of a publicly offered real estate fund, documents that a withholding agent is required to submit, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 88 Deleted. *<Jan. 1, 2013>*

Article 88-2 (Special Taxation on Tax-Free Comprehensive Savings)

(1) Where any of the following residents opens a savings account prescribed by Presidential Decree (hereafter in this Article, referred to as "tax-free comprehensive savings"), with the maximum principal savings not exceeding 50 million won (if a resident who has a tax-favored comprehensive savings account under Article 89 has not terminated or closed the account, the amount of savings shall be determined by subtracting the total contract amount on the tax-favored comprehensive savings account held by the resident from 50 million won), by not later than December 31, 2025, no income tax shall be levied on the

interest income and dividend income from the savings account: *<Amended on Jan. 1, 2010; Dec. 31, 2011; Dec. 23, 2014; Dec. 22, 2015; Dec. 31, 2019; Dec. 29, 2020; Jan. 5, 2021, Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

1. A resident aged 65 or older;
2. A person with a disability registered under Article 32 of the Act on Welfare of Persons with Disabilities;
3. A person of distinguished service to independence, registered under Article 6 of the Act on the Honorable Treatment of Persons of Distinguished Service to Independence, his or her bereaved family, or his or her family;
4. A wounded person registered under Article 6 of the Act on the Honorable Treatment of and Support for Persons of Distinguished Service to the State;
5. A recipient defined in subparagraph 2 of Article 2 of the National Basic Living Security Act;
6. A patient suffering from actual or potential aftereffects of defoliants, defined in subparagraph 3 of Article 2 of the Act on Assistance to Patients Suffering from Actual or Potential Aftereffects of Defoliants and Establishment of Related Organizations;
7. A person wounded person in the May 18 Democratization Movement, as defined in subparagraph 2 of Article 4 of the Act on the Honorable Treatment of Persons of Distinguished Service to the May 18 Democratization Movement and Establishment of Related Organizations.

(2) Deleted. *<Dec. 31, 2024>*

(3) The procedure for subscribing to a tax-free comprehensive savings account, the verification of persons eligible for subscription, the method of calculating the total contract amount of such account, the method of operating and managing such account, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 23, 2014; Dec. 31, 2019>*

Article 88-3 Deleted. *<Dec. 30, 2003>*

Article 88-4 (Special Taxation for Members of Employee Stock Ownership Associations)

(1) Where a member of an employee stock ownership association established under the Framework Act on Labor Welfare (hereinafter referred to as "member of an employee stock ownership association") make an investment in the employee stock ownership association established under that Act (hereinafter referred to as "employee stock ownership association") in order to acquire the stocks of his or her own company, the member is entitled to deduct the amount of investment made in the relevant year or four million won (or fifteen million won in cases of a member of an employee stock ownership association of venture business, etc. under Article 16 (1) 3), whichever is smaller, from the amounts of his or her earned income for the relevant year. *<Amended on Jun. 8, 2010; Dec. 19, 2017>*

(2) No income tax shall be levied on income accrued from the funds of the employee stock ownership association established under Article 36 of the Framework Act on Labor Welfare or from the employee

stocks held by the employee stock ownership association. *<Amended on Jun. 8, 2010>*

(3) Where a member of an employee stock ownership association makes contributions to the relevant corporation as prescribed in Article 36 (1) of the Framework Act on Labor Welfare or receive employee stocks which have been acquired through purchase of stocks at the securities market, etc. under the Financial Investment Services and Capital Markets Act, allocated by the employee stock ownership association, no income tax shall be levied thereon. *<Amended on Jun. 8, 2010>*

(4) Notwithstanding paragraph (3), where the employee stocks allotted by the employee stock ownership association to its members are contributed by the relevant corporation or acquired with contributions by such corporation, income tax shall be levied on the portion of such stocks exceeding the limits set by Presidential Decree. In such cases, where the employee stocks allotted pursuant to Article 37 of the Framework Act on Labor Welfare are collected by the employee stock ownership association from its members and thereby there is an amount to be deducted from their earned income for the taxable period which has already passed, the such members may deduct the amount from their earned income at the time of the year-end settlement of their earned income for the taxable period in which the date of such collection falls. *<Amended on Jun. 8, 2010>*

(5) Where a member of an employee stock ownership association withdraws his or her shares of employee stock allotted by the employee stock ownership association, income tax shall be levied on an amount calculated, as prescribed by Presidential Decree (hereafter in this Article referred to as "withdrawn amount"), with respect to the withdrawn employee stocks less the following employee stocks (hereafter in this Article referred to as "taxable, withdrawn stocks"), deeming such amount to be the earned income under Article 20 of the Income Tax Act. In such cases, the date on which such employee stocks are withdrawn shall be deemed the time of earning of such income, and the relevant corporation shall withhold an amount calculated by applying the tax rate under Article 55 (1) of the Income Tax Act to the withdrawn amount: *<Amended on Jun. 8, 2010>*

1. Employee stocks acquired with an investment not granted income deductions under paragraph (1);
2. Employee stocks referred to in the fore part of paragraph (4);
3. Employee stocks given gratuitously to the members of the employee stock ownership association through the transfer of surplus into capital.

(6) Where a member of an employee stock ownership association withdraws any amount for taxable, withdrawn stocks, no income tax shall be levied on any of the following amounts, depending upon the holding period of the employee stocks and the size of the relevant corporation. In such cases, the holding period of employee stocks shall be the period from the day immediately following the last day of the period during which the stocks shall be compulsorily deposited in the account of each member of the employee stock ownership association with a securities finance company authorized under the Financial Investment Services and Capital Markets Act (hereafter referred to as "securities finance company" in this Article) to the date of withdrawal: *<Amended on Jun. 8, 2010; Dec. 15, 2015>*

1. In cases of a small or medium enterprise: Any of the following amounts:

(a) If taxable, withdrawn stocks have been held for a period from two to not exceeding four years: An amount equivalent to 50/100 of the withdrawn amount;

(b) If taxable, withdrawn stocks have been held for a period from four years to not exceeding six years: An amount equivalent to 75/100 of the withdrawn amount;

(c) If taxable, withdrawn stocks have been held for at least six years: An amount equivalent to 100/100 of the withdrawn amount;

2. In cases of any enterprise, other than small and medium enterprises: Either of the following amounts:

(a) If taxable, withdrawn stocks have been held for a period from two to not exceeding four years: An amount equivalent to 50/100 of the withdrawn amount;

(b) If taxable, withdrawn stocks have been held for at least four years: An amount equivalent to 75/100 of the withdrawn amount.

(7) Where a member of an employee stock ownership association withdraws contributions without disbursing them on the purchase of employee stocks, the amount such contributions (excluding contributions which were not deducted from any income under paragraph (1)) shall be included in the withdrawn amount pursuant to paragraph (5). *<Amended on Jun. 8, 2010>*

(8) Where a member of an employee stock ownership association makes an investment in the employee stock ownership association and acquire employee stocks through such association, the income tax on the difference between the acquisition price of such stocks and the market price thereof shall be levied, as follows: *<Amended on Jun. 8, 2010; Dec. 19, 2017>*

1. Where the investment does not exceed four million won (or fifteen million won in cases of a member of an employee stock ownership association of venture business, etc. under Article 16 (1) 3), no tax shall be levied on such difference;

2. Where the investment exceeds four million won (or fifteen million won in cases of a member of an employee stock ownership association of venture business, etc. under Article 16 (1) 3) and the acquisition price of employee stocks acquired with such excess amount does not exceed the price prescribed by Presidential Decree (hereafter referred to as "standard price" in this paragraph), tax shall be imposed on the difference between the relevant acquisition price and the standard price, deeming such difference to be the earned income.

(9) No income tax shall be levied on any dividend income from the employee stocks a member of an employee stock ownership association acquired through the employee stock ownership association and has deposited in a securities finance company, if the following conditions are fully satisfied; provided, where the stocks are withdrawn within one year from the date of deposit, the dividend income from such stocks paid, on or before the date of deposit shall be deemed the dividend income paid on the date of deposit, and the income tax shall be levied thereon: *<Amended on Jun. 8, 2010>*

1. It shall be verified by a stock depository certificate issued by the securities finance company that the employee stocks held by the member of the employee stock ownership association are deposited in such

securities finance company as at the base date on which the dividend is paid;

2. The member of the employee stock ownership association shall be a minority stockholder (hereafter referred to as "minority stockholder" in this Article) prescribed by Presidential Decree;

3. The total par value of the employee stocks that are held by each member of the employee stock ownership association shall not exceed 18 million won.

(10) No income tax shall be levied on the dividend income accrued from the treasury shares held by workers who acquire equity shares pursuant to Articles 21-2, 107 (2), 112 (2), 112-10 (2) and 147 of the Agricultural Cooperatives Act and Articles 22-2, 108, 113 and 147 of the Fisheries Cooperatives Act, if the following conditions are fully satisfied; provided, where the treasury shares are not held for at least one year from the date of acquisition, the dividend income paid before the date the relevant cause occurs shall be deemed the dividend income paid on the date on which such cause occur, and the income tax shall be levied thereon: *<Amended on Jan. 1, 2013>*

1. The workers shall be minority stockholders;

2. The total par value of the treasury shares held by each worker shall not exceed 18 million won.

(11) Any withholding agent shall submit a statement of nontaxation on the dividend income paid to the members of employee stock ownership associations and the workers pursuant to paragraphs (9) and (10) to the head of the tax office having jurisdiction over withholding taxes, as prescribed by Presidential Decree.

(12) income deductions for contributions of the members of the employee stock ownership association, non-taxation on dividend income, taxation on the withdrawn employee stocks, calculation of the holding period of employee stocks, keeping records of treasury stocks, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jun. 8, 2010>*

(13) A donation made by a resident to an employee stock ownership association (excluding donations made by members of an employee stock ownership association; hereafter in this paragraph, the same shall apply) may be either included in necessary expenses under Article 34 (3) of the Income Tax Act or make a deduction from global income tax under the provisions, with the exception of the subparagraphs, of Article 59-4 (4) of the Income Tax Act, up to the amount prescribed in subparagraph 1 or 2, and a donation made by a corporation to an employee stock ownership association may be included in deductible expenses, up to the amount prescribed in subparagraph 3: *<Amended on Dec. 29, 2020; Dec. 31, 2022>*

1. Where a resident includes the donation in necessary expenses in calculating the amount of business income for the relevant taxable year: The amount calculated by the following formula:

Maximum amount: $[A-(B+C)] \times 30/100$

A: Reference income amount under Article 34 (2) 2 of the Income Tax Act

B: Deficit carried forward under Article 45 of the Income Tax Act

C: Donations included in necessary expenses under Article 34 (2) of the Income Tax Act

2. Where a resident makes a deduction from global income tax for the relevant taxable year for the relevant donation: The amount calculated by the following formula:

Maximum amount = (A-B) × 30/100

A: Global income amount (excluding interest income and dividend income subject to
to the withholding tax rate under Article 62 of the Income Tax Act)
B: Donations under Article 59-4 (4) 1 of the Income Tax Act

3. Where a corporation includes the relevant donation in deductible expenses in calculating the income amount for the relevant taxable year: The amount calculated by the following formula:

Maximum amount: *[A-(B+C)] × 30/100*

A: Reference income amount under Article 24 (2) 2 of the Corporate Tax Act
B: Deficit carried forward (Provided, That the maximum amount for a corporation eligible
for the deduction of a deficit carried forward up to 80/100 of the income for each business year
under the proviso, with the exception of the subparagraphs, of Article 13 (1) of the Corporate Tax Act
shall be 80/100 of the reference income amount under Article 24 (2) 2 of that Act
C: Donations included in deductible expenses under Article 24 (2)
of the Corporate Tax Act (including the amount carried over under Article 24 (5)
of the Corporate Tax Act and included in deductible expenses)

(14) The income accrued when a member of an employee stock ownership association withdraws the stocks held by him/her in compliance with the following requirements, upon his/her retirement, and transfers the stocks to the employee stock ownership association shall not be included in the amount of capital gains under Article 94 (1) 3 of the Income Tax Act; provided, if capital gains thereon exceeds 30 million won, the excess amount shall be included in the amount of capital gains. *<Amended on Jun. 8, 2010; Dec. 28, 2021; Dec. 31, 2024>*

1. The member of the employee stock ownership association has held the employee stocks for at least one year since he or she acquired them through the employee stock ownership association;
2. The employee stocks held by the member of the employee stock ownership association have been deposited in a securities finance company for at least one year as at the date of transfer;
3. The total par value of the employee stocks held by the members of the employee stock ownership association shall not exceed 18 million won.

Article 88-5 (Special Taxation for Capital Investments in Cooperatives)

No income tax shall be levied on dividend income distributed by not later than December 31, 2025, out of the dividend income distributed for investments prescribed by Presidential Decree and not exceeding 20 million won per person, in a financial institution whose partners, members, etc. are comprised of farmers, fishermen, or other residents with a mutual tie, and dividend income distributed by such financial institution to its partners, members, etc. based on the records of use of its business (hereafter referred to as "dividend income, etc." in this Article), and either of the following rates shall apply to dividend income, etc. distributed thereafter as the withholding tax rate, notwithstanding Article 129 of the Income Tax Act; but such dividend income, etc. shall not be added to the tax base of global income under Article 14 (2) of that Act: *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

1. Dividend income, etc. distributed from January 1, 2026 to December 31, 2026: 5/100;
2. Dividend income, etc. distributed on or after January 1, 2027: 9/100.

Article 88-6 Deleted. *<Jan. 1, 2010>*

Article 89 (Special Taxation for Tax-Favored Comprehensive Savings)

(1) Where a resident opens a savings account that meets each of the following requirements (hereinafter referred to as "tax-favored comprehensive savings") by December 31, 2014, the tax rate of 9/100 shall apply to interest income and dividend income accrued from the savings account, notwithstanding Article 129 of the Income Tax Act; such income shall not be included in global income tax base under Article 14 (2) of that Act; and no individual local income tax shall be imposed on such income under the Local Tax Act: *<Amended on Jan. 1, 2010; Jul. 14, 2011; Dec. 31, 2011; Jan. 1, 2014; Dec. 28, 2021; Dec. 31, 2024>*

1. That an account holder shall apply for tax credits when he or she opens an account of installment savings or deferred savings (including collective investment securities savings, mutual aid, insurance, savings in securities and savings in bonds prescribed by Presidential Decree) sold by a financial company, etc. falling under any of the items of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article);
2. The contract period shall be at least one year.
3. That the total amount of contracts for the tax-favored comprehensive savings opened at all financial companies, etc. should not exceed either of the following amounts; provided, the interest, dividend, etc. accruing from the tax-favored comprehensive savings that are transferred to principal shall be deemed the tax-favored comprehensive savings, but they shall not be included in calculation of the limit per capita of the total contracted amount:
   (a) A person aged 20 years or over: Ten million won per capita;

(b) A person who falls under any subparagraph of Article 88-2 (1): 30 million won per capita.

(2) Deleted. *<Dec. 31, 2024>*

(3) Deleted. *<Dec. 29, 2001>*

(4) Deleted. *<Dec. 29, 2001>*

(5) Deleted. *<Dec. 29, 2001>*

(6) Deleted. *<Dec. 29, 2001>*

(7) Where an account holder terminates or withdraws his or her tax-favored comprehensive savings, or transfers the right thereto, within one year from its contract date, the relevant withholding agent shall additionally collect, according to Article 146-2, the difference between the tax amount already withheld according to the provisions, with the exception of the subparagraphs, of paragraph (1) and the tax amount calculated according to Article 129 of the Income Tax Act; provided, this shall not apply in cases unavoidable reasons prescribed by Presidential Decree, such as the account holder's death or emigration to abroad. *<Amended on Jun. 1, 2010; Dec. 29, 2020>*

(8) The method of calculating the total amount of contracts for the tax-favored comprehensive savings, the method of their operation and management, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2010>*

Article 89-2 (Submission of Data on Tax-Favored Savings)

(1) A financial institution, etc. handling any of the following savings accounts, etc. (hereafter in this Article, referred to as "institution handling tax-favored savings") shall immediately notify the agency prescribed by Presidential Decree (hereinafter referred to as "agency collecting data on tax-favored savings") of the name and resident registration number of each depositor, details concerning the conclusion or termination of each savings contract and the transfer of rights to savings contracts, and other matters concerning the amendment of each contract (including the amount paid for insurance proceeds, deductibles, refund upon termination, and early withdrawal of savings insurance contracts referred to in subparagraph 2 (hereafter in this Article, referred to as "insurance proceeds, etc."); the amounts deposited in and withdrawn from pension accounts referred to in subparagraph 4; and the amount that does not fall under Article 20-3 (1) 2 of the Income Tax Act; hereinafter referred to as "data on tax-favored savings") via electronic means, including computer systems: *<Amended on May 10, 2003; Dec. 30, 2003; Dec. 31, 2005; Dec. 26, 2008; Jan. 1, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; May 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Apr. 11, 2023; Dec. 31, 2023>*

1. Securities of a specific social infrastructure fund, securities of a collective investment scheme for investment and financing, long-term savings accounts for housing purchase, collective savings accounts for housing subscription giving preferential treatment to youths, collective investment securities of a publicly offered real estate fund, tax-free comprehensive savings, investments, tax-favored comprehensive savings, deposits in cooperatives, etc., asset-building savings, high-yield, high-risk bond investment trusts, long-term collective investment securities savings accounts, collective investment

securities savings only for investment in foreign stocks, individual savings accounts, installment savings accounts for future-preparation of military personnel, long-term collective investment securities savings accounts for youth, youth hope installment savings accounts, youth take-off accounts, state bonds for individual investment, and securities of the collective investment scheme for a special opportunity development zone referred to in Articles 26-2, 27, 87, 87-7, 88-2, 88-5, 89, 89-3, and 91-14 through 91-23, and 121-35;

2. Savings insurance referred to in Article 16 (1) 9 of the Income Tax Act;

3. Lump-sum savings for farming and fishing households under the Act on Raising Lump-Sum Saving of Farming and Fishing Households;

4. Pension accounts referred to in Article 20-3 (1) 2 of the Income Tax Act.

(2) An institution handling tax-favored savings shall notify the agency collecting data on tax-favored savings, by the 20th day of the month after the end of each quarter, of the number of account holders, number of accounts, amount of deposits, and amount paid for insurance proceeds, etc. by type of savings. *<Amended on Jan. 1, 2010; Jan. 1, 2013>*

(3) The Commissioner of the National Tax Service may make an inquiry about, or request access to, or submission of, data on tax-favored savings held by depositors, to the agency collecting data on tax-favored savings. *<Amended on Jan. 1, 2010>*

(4) An institution handling tax-favored savings may make an inquiry to the agency collecting data on tax-favored savings about the total contract amounts and amount paid for insurance proceeds, etc. for the tax-favored savings accounts held by a depositor in other institutions handling tax-favored savings (including the beneficiaries in cases of trust, and the insured and beneficiaries in cases of insurance; hereafter in this Article, the same shall apply) and may, upon receipt of a written request or consent of the depositor, inquire about the details of the total contract amounts and amount paid for insurance proceeds, etc. and inform the depositor thereabout. *<Amended on Jan. 1, 2010; Jan. 1, 2013>*

(5) The agency collecting data on tax-favored savings shall immediately process the data on tax-favored savings notified by the institutions handling tax-favored savings, build an information network on the contract amounts and amount paid for insurance proceeds, etc. of tax-favored savings and details thereof, by type of savings and by depositor, and shall comply with any request or inquiry made under paragraph (3) or (4). *<Amended on Jan. 1, 2010; Jan. 1, 2013>*

(6) The agency collecting data on tax-favored savings shall retain the data on tax-favored savings for five years following the year in which each tax-favored savings account is closed (or five years following the year in which the account holder closes all pension accounts held by him/her in cases of a pension account under paragraph (1) 4); no person employed by an institution handling tax-favored savings or the agency collecting data on tax-favored savings (hereafter in this Article, referred to as "employee of a financial institution, etc.") shall provide or divulge information or data on the tax-favored savings (hereafter in this Article, referred to as "data, etc.") to any third person without a written request or consent of the relevant depositor; and no one shall request any employee of a financial institution, etc. to provide such data, etc.;

provided, this shall not apply where such data, etc. is requested or provided under any of the following subparagraphs: *<Amended on Jan. 1, 2010; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2024>*

1. Where the Commissioner of the National Tax Service makes a request pursuant to paragraph (3);
2. Where it falls under any subparagraph of Article 4 (1) of the Act on Real Name Financial Transactions and Confidentiality;
3. Where the Commissioner of the Statistics Korea requests data on tax-favored savings related to paragraph (1) 4 of this Article pursuant to Article 25 (2) the Statistics Act.

Article 89-3 (Low Rate of Taxation on Deposits in Cooperatives)

(1) Where a resident aged 19 or older as at the time of deposit makes a deposit prescribed by Presidential Decree (limited to a deposit not exceeding 30 million won per person; hereinafter referred to as "deposit in a cooperative, etc.") in a cooperative, etc. whose members, partners, etc. are comprised of farmers, fishermen, and other residents with a mutual tie, no income tax shall be levied on an interest income accrued from the deposit in the cooperative, etc. for the period from January 1, 2007 to December 31, 2025; the tax rate of 5/100 shall apply to such interest income accrued for the period from January 1, 2026 to December 31, 2026, notwithstanding Article 129 of the Income Tax Act; such interest income shall neither be included in the tax base of the global income calculated under Article 14 (2) of the Income Tax Act, nor be subject to individual local income tax under the Local Tax Act. *<Amended on Dec. 31, 2011; Dec. 1, 2013; Dec. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022>*

(2) The tax rate of 9/100 shall apply to the interest income accrued from the deposit in a cooperative, etc. on or after January 1, 2027, notwithstanding Article 129 of the Income Tax Act; and such income shall neither be included in the tax base of the global income calculated under Article 14 (2) of that Act, nor be subject to individual local income tax under the Local Tax Act. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022>*

Article 90 Deleted. *<Dec. 28, 1999>*

Article 90-2 (Penalty Tax on Failure to Submit Tax-favored Data)

(1) Where a person who is obliged to submit tax-favored data or notify data on tax-favored savings under Article 87-5 (5), 87-6 (4), 88-4 (11), 89-2 (1), or 91-6 (4) fails to submit the tax-favored data or to notify the data on tax-favored savings, within the period prescribed in the relevant Article (15 days from the occurrence of the cause of notification, in cases falling under Article 89-2 (1)), or where the tax-favored data or data on tax-favored savings submitted or notified, are found ambiguous on any of the grounds prescribed by Presidential Decree, 2,000 won for each contract or termination, in regard to which such data have not been submitted or notified or have been found ambiguous, shall be added to the amount of tax payable. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014>*

(2) For the purposes of paragraph (1), a tax amount equivalent to 50/100 of the penalty tax imposable shall be reduced where such data are submitted or notified by the end of the month following the month in which the last day of the period for submission of the tax-favored data or notification of the data on tax-favored savings falls.

Article 91 Deleted. *<Dec. 27, 2010>*

Article 91-2 (Special Taxation for Collective Investment Schemes)

If a collective investment scheme (limited to those satisfying the requirements specified in Article 17 (1) 5 of the Income Tax Act) created under the Financial Investment Services and Capital Markets Act repurchases its collective investment securities that are defined in Article 9 (21) of the Financial Investment Services and Capital Markets Act (hereafter referred to as "collective investment securities" in this Article), the transfer of collective investment securities to the collective investment scheme by investors shall not be deemed transfer under the Income Tax Act and Securities Transaction Tax Act.

Article 91-3 Deleted. *<Dec. 30, 2003>*

Article 91-4 Deleted. *<Jan. 1, 2013>*

Article 91-5 Deleted. *<Jan. 1, 2010>*

Article 91-6 (Special Taxation on Dividend Income from Stocks of Overseas Resources Development Investment Companies)

(1) If the total par value of stocks of an overseas resources development investment company or a specialized overseas resources development investment company established under Article 13 of the Overseas Resources Development Business Act (hereinafter referred to as "overseas resources development investment company, etc.") held by a resident does not exceed 200 million won, the resident needs not add the dividend income that he or she receives from the overseas resources development investment company, etc., for the holding of such stocks on or before December 31, 2016 to the tax base of his or her global income under Article 14 (2) of the Income Tax Act. If the total par value of stocks of an overseas resources development investment company, etc. does not exceed 50 million won in such cases, the tax rate of 9/100 shall apply to the dividend income from the holding of such stocks, notwithstanding Article 129 of the Income Tax Act. *<Amended on Dec. 31, 2011; Dec. 23, 2014>*

(2) If the stocks of an overseas resources development investment company, etc. are electronically registered with, or deposited in, an investment trader or an investment broker and the overseas resources development investment company, etc. intends to distribute its dividend income, it shall notify a statement of the non-taxable income and the income subject to separate taxation under paragraph (1), as prepared for

each stockholder and each securities company, to the investment trader or the investment broker to which stockholders have entrusted the sale or purchase of the stocks, directly or through the electronic registry or the Korea Securities Depository, immediately after passing a resolution on distribution of dividend income and the investment trader or the investment broker shall either levy no tax or withhold tax, as notified. *<Amended on Mar. 22, 2016>*

(3) If the stocks of an overseas resources development investment company, etc. are not deposited with an investment trader or an investment broker, the overseas resources development investment company, etc. shall withhold tax, directly or through its transfer agency, upon classifying each stockholder's income into non-taxable income and income subject to separate taxation.

(4) If the withholding agent referred to in paragraphs (2) and (3) directly pays the dividend income of an overseas resources development investment company, etc., the withholding agent shall submit, to the head of the tax office having jurisdiction over the withholding tax, a statement of non-taxable income and income subject to separate taxation on the dividend income of the overseas resources development investment company, etc. in the form prescribed by Decree of the Ministry of Economy and Finance by no later than the end of the month immediately following the end of the quarter in which the payment date of the dividend income falls.

Article 91-7 Deleted. *<Dec. 23, 2014>*

Article 91-8 Deleted. *<Dec. 27, 2010>*

Article 91-9 Deleted. *<Dec. 23, 2014>*

Article 91-10 Deleted. *<Dec. 23, 2014>*

Article 91-11 Deleted. *<Dec. 23, 2014>*

Article 91-12 (Special Taxation on Investment Trusts, etc. for Exclusive Use of Overseas Koreans)

(1) No income tax shall be imposed on the dividend income accruing from the investment of up to 100 million won in each investment trust, etc. for exclusive use of overseas Korean among the dividend income accrued to an overseas Korean prescribed by Presidential Decree having no domestic place of business under Article 120 of the Income Tax Act by no later than December 31, 2012 after opening an account for investment trusts and investment companies for exclusive use of overseas Koreans prescribed by Presidential Decree (hereafter referred to as "investment trusts, etc. for exclusive use of overseas Koreans" in this Article) on or before December 31, 2010, notwithstanding Article 156 (1) 3 of the Income Tax Act, and the tax rate of 5/100 shall be applied to the dividend income accruing from the amount of investment exceeding 100 million won.

(2) Where an account holder of an investment trust, etc. for exclusive use of overseas Koreans sells the investment trust, etc. for exclusive use of overseas Koreans or transfers the right thereto within one year from the date of entering into a contract, the withholding agent shall withhold the tax according to the following, notwithstanding paragraph (1); provided, this shall not apply where the account holder dies or other inevitable causes prescribed by Presidential Decree arise:

1. Where the closing date does not come during the period from the date of entering into the contract to the date of sale or stock transfer: Withhold the tax at the tax rate prescribed under Article 156 (1) 3 of the Income Tax Act;

2. Where the closing date falls in the period from the date of entering into the contract to the date of sale or stock transfer, and no tax is imposed on the interest divided on the same closing date under paragraph (1) or taxes are withheld at the tax rate of 5/100: Additionally withhold the difference between the taxes imposed under paragraph (1) and the taxes imposed under Article 156 (1) 3 of the Income Tax Act.

(3) Requirements for overseas Koreans and investment trusts, etc. for exclusive use of overseas Koreans, documents to be submitted when opening an account, and other necessary issues shall be prescribed by Presidential Decree.

Article 91-13 Deleted. *<Jan. 1, 2014>*

Article 91-14 (Non-Taxation on Asset-Building Savings)

(1) A resident who opens a savings account that fully meets the following conditions (hereafter referred to as "asset-building savings account" in this Article) by not later than December 31, 2015 is exempt from income tax on the interest income and dividend income accrued from the relevant savings account: *<Amended on Jan. 1, 2014; Dec. 23, 2014; Dec. 28, 2021; Dec. 31, 2024>*

1. As at the time the resident opens an asset-building savings account:

(a) His or her gross wages in the immediately preceding taxable period shall not exceed 50 million won (limited to where such resident either has earned income only, or earned income and global income not added to the tax base of global income, in immediately preceding taxable period);

(b) His or her global income added to the tax base of global income in the immediately preceding taxable period shall not exceed 35 million won (limited to where such resident has earned income or business income in the immediately preceding taxable period), if such resident does not fall under item (a);

2. The type of the savings account shall be an installment savings account offered by financial companies, etc. referred to in the items of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article), which is transacted through a bankbook bearing an indication that it is for the asset-building savings account subject to no income tax;

3. The contract period shall be seven years;

4. The amount of deposit to be made in a quarter shall be up to three million won per person (referring to the total amount of all asset-building savings accounts held by the resident). In such cases, the quarterly deposit shall be made only in the corresponding quarter, but in cases of insurance or mutual aid, the amount that should have been deposited in the interim may be deposited by no later than two years and two months from the last day of the month in which the date of the last deposit falls.

(2) The holder of an asset-building savings account may renew the maturity of the savings account for up to three years only on one occasion, upon the arrival of the seventh anniversary of the date of opening such asset-building savings account, notwithstanding paragraph (1) 3. In such cases, no income tax shall be imposed on the interest income and dividend income accrued from the savings account until the maturity so extended. *<Amended on Jun. 9, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(3) Where a resident who has an asset-building savings account withdraws the principal, interest, etc. from the savings account, closes the account, or transfers the account to any third person, earlier than the date classified below, the financial company, etc. that handles such savings account (hereafter referred to as "institution handling savings accounts" in this Article) shall additionally collect, according to Article 146-2, the amount by which the income tax on interest income and dividend income was reduced or exempted; provided, this shall not apply where the resident closes his/her savings account due to the account holder's death or emigration to abroad or any other event prescribed by Presidential Decree: *<Amended on Dec. 23, 2014; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. In cases of the following residents as at the time of opening an account: The third anniversary of the date of signing the initial contract:

(a) A resident falling under paragraph (1) 1 (a), whose gross wages in the immediately preceding taxable period does not exceed 25 million won;

(b) A resident falling under paragraph (1) 1 (b), whose global income added to the tax base of his or her global income in the immediately preceding taxable period does not exceed 16 million won;

(c) A youth (excluding the residents specified in items (a) and (b)) prescribed by Presidential Decree, among those who work for any enterprise prescribed by Presidential Decree, which is a small or medium enterprise as defined under Article 2 of the Framework Act on Small and Medium Enterprises (including non-profit corporations);

2. In cases of any resident other than those prescribed in subparagraph 1: The seventh anniversary of the date of signing the initial contract.

(4) Deleted. *<Dec. 31, 2024>*

(5) Deleted. *<Dec. 29, 2020>*

(6) The Commissioner of National Tax Service shall verify whether a person who has an asset-building savings account meets either of the conditions provided in under paragraph (1) 1 as at the time of opening such account and notify the institution handling the savings accounts of the findings thereof.

(7) Where an institution handling savings accounts is notified under paragraph (6) that a holder of an asset-building savings account fails to meet either of the conditions provided in under paragraph (1) 1, such asset-building savings account shall be deemed terminated on the date of such notification, and the institution handling savings accounts shall notify the holder of the asset-building savings account of such fact. In such cases, paragraph (3) shall not apply. *<Amended on Dec. 29, 2020>*

(8) Procedures for opening the asset-building savings account, the verification and management of persons eligible to open such account, termination of such account, and other necessary matters shall be prescribed by Presidential Decree.

Article 91-15 (Special Taxation for High-Yield, High-Risk Bond Investment Trusts)

(1) Where a resident opens an account in an investment trust, etc. prescribed by Presidential Decree, the portfolio which includes at least a certain ratio of the bonds prescribed by Presidential Decree, (hereinafter referred to as "high-yield, high-risk bond investment trust"), by not later than December 31, 2024, the resident need not add the interest income or dividend income received from the high-yield, high-risk bond investment trust to the tax base of his or her global income under Article 14 (2) of the Income Tax Act.

(2) If the aggregate of the amounts invested in accounts opened in high-yield, high-risk bond investment trusts by a resident through each financial company exceeds 30 million won, paragraph (1) shall not apply to the income accrued from the excess amount.

(3) The contract period of an account in a high-yield, high-risk bond investment trust shall be at least one year, and paragraph (1) shall not apply to income accrued after the lapse of three years from the date of opening the account.

(4) If the holder of an account in a high-yield, high-risk bond investment trust closes or resells the account or transfers his or her right therein within one year from the date of opening the account, the tax amount reduced or exempted by excluding interest income or dividend income from the tax base of his or her global income shall be additionally collected under Article 146-2; provided, this shall not apply where an account is closed or resold or the right therein is transferred due to any of avoidable circumstances prescribed by Presidential Decree, such as the account holder’s death or emigration to abroad.

(5) The method of calculating the ratio of bonds included in the portfolio of a high-yield, high-risk bond investment trust, the extent of income excluded from special taxation if a high-yield, high-risk bond investment trust fails to meet the ratio of bonds in its portfolio, and other necessary matters shall be prescribed by Presidential Decree.

Article 91-16 (Income Deductions for Long-Term Collective Investment Securities Savings)

(1) Where a resident who has earned income (excluding daily employed workers) opens a savings account which meets each of the following requirements (hereafter referred to as "long-term collective investment securities savings" in this Article) by no later than December 31, 2015, an amount equivalent to 40/100 of the amount paid in each taxable period for ten years from the date of opening the account shall be

deducted from the total amount of the earned income in the relevant taxable year (up to the amount of earned income in the relevant taxable year): *<Amended on Jun. 9, 2020>*

1. That the resident shall have gross pay not exceeding 50 million won during the immediately preceding taxable period (limited to where he or she has earned income only, or global income not added to the earned income or tax base of global income, during the immediately preceding taxable period) as at the time he or she opens an account for long-term collective investment securities savings;
2. That the savings are to acquire collective investment securities issued by a collective investment scheme referred to in Article 17 (1) 5 of the Income Tax Act which invests at least 40/100 of its total amount of assets in stocks issued and traded in the Republic of Korea (limited to the stocks listed on a securities market under the Financial Investment Services and Capital Markets Act);
3. That the contract term of the long-term collective investment securities savings shall be at least ten years, and its principal, interest, dividend, stocks or beneficiary securities, etc. shall not be withdrawn within a period of less than ten years from the opening date of the account for such savings;
4. That it shall be an installment savings deposit with the maximum annual deposit of up to six million won per person (referring to the total amount deposited by the account holder in all long-term collective investment securities savings).

(2) Notwithstanding paragraph (1), where a resident who has an account for long-term collective investment securities savings falls within any of the following cases, no income deduction under paragraph (1) shall be made for the relevant taxable period:

1. Where the resident has earned income only, or global income not added to the earned income or tax base of global income, during the immediately preceding taxable period, and his or her gross pay during the immediately preceding taxable period exceeds 80 million won;
2. Where the resident has no earned income during the relevant taxable period.

(3) Any resident who intends to secure income deductions pursuant to paragraph (1) shall present a payment certificate of long-term collective investment securities savings issued by the financial company dealing in the long-term collective investment securities savings (hereafter referred to as "savings institution" in this Article) wherein the amount of savings deposited in the relevant year is stated, which is necessary to secure the income deductions, to the relevant withholding agent or the head of the tax office having jurisdiction over the place of his or her domicile when he or she makes a year-end settlement of the amount of earned income when he or she makes a year-end settlement of the amount of earned income tax, etc., or files a final return on the tax base of his or her gross income.

(4) Where a person who has an account for long-term collective investment securities savings fully or partially withdraws the principal, interest, dividend, stocks, beneficiary certificates, etc., or terminates or transfers the relevant savings contract to any third person (hereafter referred to as "termination" in this Article) within a period of less than ten years from the date of opening such account, no income deductions shall be granted under paragraph (1) from the relevant taxable period.

(5) Where a person who has an account for long-term collective investment savings terminates the account within a period of less than five years from the date of opening such account, the savings institution shall additionally collect an amount computed by multiplying the accumulated total amount paid to the relevant savings account by 6/100 (hereafter referred to as "additional tax") and pay it to the head of the tax office having jurisdiction over the withholding no later than 10th day of the month following the month in which such savings account is terminated; provided, the same shall not apply where the savings account is terminated due to account holder's death, emigration to abroad or any unavoidable circumstances prescribed by Presidential Decree, and where a person who has benefited from income deductions verifies that the amount of tax reduced or exempted based on such income deductions falls short of the additional tax, an amount equivalent to the tax amount actually reduced or exempted shall be collected additionally.

(6) Where a savings institution collects additional tax pursuant to paragraph (5), it shall notify the relevant account holder of the details thereof in writing.

(7) Where a savings institution fails to pay, or underpay, additional tax computed under paragraph (5) by the prescribed deadline, it shall pay an additional amount equivalent to 10/100 of the amount of tax unpaid or underpaid to the head of the tax office having jurisdiction over the withholding. *<Amended on Jun. 9, 2020>*

(8) The Commissioner of National Tax Service shall verify whether a person who opens an account for long-term collective investment securities savings meets the requirements of paragraph (1) 1 as at the time of opening such account, and notify the relevant savings institution of the result thereof.

(9) Where a savings institution is notified, pursuant to paragraph (8), that an account holder of long-term collective investment securities savings fails to meet the requirements of paragraph (1) 1, such long-term collective investment securities savings shall be deemed terminated on the date of receipt of such notification, and the relevant savings institution shall notify the account holder of long-term collective investment securities savings of such fact.

(10) No income deductions under paragraph (1) shall apply to savings, etc. subject to special taxation under this Act, including non-taxation, or subject to Article 20-3 (1) 2 of the Income Tax Act.

(11) Procedures for opening an account for long-term collective investment securities savings, verification and management of persons eligible to open such account, termination of accounts, procedures for income deductions, and other necessary matters shall be prescribed by Presidential Decree.

Article 91-17 (Special Taxation for Collective Investment Schemes Only for Investment in Foreign Stocks)

(1) Where a resident invests in collective investment securities defined under Article 9 (21) of the Financial Investment Services and Capital Markets Act (hereafter referred to as "collective investment securities" in this Article) and issued by a collective investment scheme under Article 17 (1) 5 of the Income Tax Act, which invests at least 60/100 of its total assets in stocks issued and traded overseas (hereafter referred to as "stocks listed on a foreign exchange" in this Article) (hereafter referred to as

"collective investment scheme only for investment in foreign stocks" in this Article), by not later than December 31, 2017, the gains or losses on the sale or valuation of the stocks listed on a foreign exchange (including gains and losses on fluctuation of foreign exchanges), acquired by the collective investment scheme only for investment in foreign stocks, either directly or through investment in collective investment securities (including foreign collective investment securities defined under Article 279 (1) of the Financial Investment Services and Capital Markets Act), shall not be included in the dividend income and financial investment income distributed by the collective investment scheme only for investment in foreign stocks until the tenth anniversary of the day the resident opens an account for collective investment securities savings only for investment in foreign stocks, notwithstanding Articles 17 (1) 5 and 87-14 (1) of the Income Tax Act, if the following conditions are fully satisfied: *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

1. The resident shall open an account prescribed by Presidential Decree for collective investment securities savings only for investment in foreign stocks (hereafter referred to as "account for collective investment securities savings only for investment in foreign stocks" in this Article) and shall invest in collective investment securities issued by a collective investment scheme only for investment in foreign stocks through the account for collective investment securities savings only for investment in foreign stocks;
2. The principal deposited by each resident in accounts for collective investment securities savings only for investment in foreign stocks shall not exceed 30 million won (referring to the sum of the amounts deposited in the accounts opened with all financial companies, etc. defined under subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality for collective investment securities savings only for investment in foreign stocks);

(2) The requirements for collective investment securities savings exclusive for investment in foreign stocks, stocks listed on a foreign exchange, and collective investment schemes exclusive for investment in foreign stocks, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 91-18 (Special Taxation for Individual Savings Accounts)

(1) Where any of the following residents opens an account that fully meets the requirements provided under paragraph (3) (hereafter in this Article, referred to as "individual savings account") or extends the contract period for such account, no income tax shall be levied on up to the non-taxable maximum amount prescribed in paragraph (2) for the aggregate of interest income and dividend income accrued from the account (hereafter in this Article, referred to as "interest income, etc."); and the tax rate of 9/100 shall apply to the amount exceeding the non-taxable maximum amount prescribed in paragraph (2), notwithstanding Article 129 of the Income Tax Act, and such interest income, etc. shall not be added to the tax bases of global income under Articles 14 (2) of that Act: *<Amended on Dec. 19, 2017; Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. A person aged 19 years or older as at the date of opening the account or the date of extending the contract period;

2. A person aged 15 years or older as at the date of the opening the account or the date of extending the contract period, who has earned income for taxable period immediately preceding the taxable year in which the person opens the account is opened or the contract period is extended (excluding persons who have non-taxable income only; hereafter in this Article, the same shall apply);

3. Deleted. *<Dec. 29, 2020>*

(2) The non-taxable maximum amount of an individual savings account shall be classified as follows, as at the date on which the account is opened or the contract period is extended: *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021>*

1. In any of the following cases: Four million won:

(a) A resident whose gross salary for the immediately preceding taxable period is not more than 50 million won (limited to persons who have only earned income or who have global income not added to the tax bases of earned income and global income, during the immediately taxable period);

(b) A resident whose global income added to the tax base of global income for the immediately preceding taxable period is not more than 38 million won (limited to persons whose gross salary for the immediately preceding taxable period does not exceed 50 million won);

(c) Farmers and fishermen prescribed by Presidential Decree (excluding persons whose global income added to the tax base of global income for the immediately preceding taxable period exceeds 38 million won);

2. In cases of persons not falling under subparagraph 1: Two million won.

(3) "Individual savings account" means an account that fully meets the following requirements: *<Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. That a person may hold only one account;

2. The account shall be titled an individual savings account and fall under any of the following:

(a) An account opened under a contract made with an investment broker defined in Article 8 (3) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "investment broker") as prescribed by Presidential Decree;

(b) An account opened under a contract made with a discretionary investment business entity defined in Article 8 (6) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "discretionary investment business entity") as prescribed by Presidential Decree;

(c) A trust account opened under a contract made on a specific monetary trust with a trust business entity defined in Article 8 (7) of the Financial Investment Services and Capital Markets Act (hereafter in this Article, referred to as "trust business entity") as prescribed by Presidential Decree;

3. The account shall be operated with the following assets:

(a) Bank deposits, installment bank deposits, deposits, and other similar financial instruments prescribed by Presidential Decree;

(b) Collective investment securities of a collective investment scheme under Article 17 (1) 5 of the Income Tax Act;

(c) Derivative-linked securities or derivative-linked bonds under Article 17 (1) 5-2 of the Income Tax Act;

(d) Securities or certificates taxable under Article 17 (1) 9 of the Income Tax Act;

(e) Stocks of a stock-listed corporation under subparagraph 3 of Article 88 of the Income Tax Act;

(f) Other assets prescribed by Presidential Decree;

4. The contract period shall be at least three years;

5. The maximum total deposit shall be not more than 100 million won (in cases of a resident who has an asset-building savings account under Article 91-14 or an account for long-term collective investment securities savings under Article 91-16, the maximum deposit shall be determined by subtracting the aggregate of the contract amounts of the asset-building savings and long-term collective investment securities savings therefrom), and the maximum annual deposit shall be determined by the following formula:

20 million won × Number of years elapsed after opening the account (if the number of elapsed years is four years or more,
it shall be deemed four years) ? Accumulated amount of deposits

(4) The holder of an individual savings account may extend the contract period of the account before the end of the contract period. *<Added on Dec. 29, 2020>*

(5) For the purposes of paragraph (1) or (2), the aggregate of interest income, etc. shall be calculated by subtracting losses which are incurred to the assets listed under paragraph (3) 3 and prescribed by Presidential Decree from the interest income, etc. accruing from the assets listed under paragraph (3) 3 as at the date of termination of the contract for the individual savings account, by the method prescribed by Presidential Decree. *<Amended by Act No. 15227, Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(6) Notwithstanding Articles 130 and 155-2 of the Income Tax Act, a trust business entity, a discretionary investment business entity, or an investment broker (hereafter in this Article, referred to as "trust business entity, etc.") shall withhold income tax on interest income, etc. on the date of termination of a contract. *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(7) Where the holder of an individual savings account terminates the contract for the individual savings account before the third anniversary of the date of initial conclusion of the contract (excluding cases where a contract is terminated due to any of unavoidable circumstances prescribed by Presidential Decree, such as the account holder's death or emigration to abroad; hereafter in this Article, referred to as "termination before maturity"), the trust business entity, etc. shall collect an amount of tax equivalent to the income tax

subject to special taxation in accordance with Article 146-2. *<Amended on Dec. 31, 2024>*

(8) Where the holder of an individual savings account withdraws an amount exceeding the aggregate of amount deposited during the contract period before the third anniversary of the date of initial conclusion of the contract, paragraphs (5) through (7) shall apply to such contract, deeming that the contract is terminated before maturity on the date of withdrawal. *<Amended on Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(9) The Commissioner of the National Tax Service shall verify whether the holder of each individual savings account meets the requirements of paragraph (1) 2 (limited to requirements for earned income) and each subparagraph of paragraph (2) (limited to the requirements for gross salary and global income) and notify the relevant trust business entity, etc. of findings thereof. *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(10) If a trust business entity, etc. is notified under paragraph (9) that the holder of an individual savings account does not fall under paragraph (1) 2 (limited to the requirements for earned income), the contract is deemed to be terminated on the date of receiving such notice, and the trust business entity, etc. shall notify the holder of the individual savings account thereof. *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(11) If the holder of an individual savings account deposits all or part of the balance of the relevant account into a pension account pursuant to Article 59-3 (3) of the Income Tax Act after three years elapse from the date of concluding the first contract, the contract period of the individual savings account shall be deemed to have expired. *<Added on Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

(12) Procedures for opening an individual savings account and for extending the contract period of such account, methods for verifying and managing persons eligible to open such account, the method for calculating interest income, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

Article 91-19 (Non-Taxation on Installment Savings for Future-Preparation of Military Personnel)

(1) Where a person who meets the requirements prescribed by Presidential Decree, such as an active-duty soldier (hereafter in this Article, referred to as "active duty soldier, etc.") as at the time of opening an account of the installment savings for future-preparation of military personnel prescribed by Presidential Decree (hereafter in this Article, referred to as "installment savings for future-preparation of military personnel") opens an account thereof by not later than December 31, 2026, no income tax shall be levied on the interest income accruing from the relevant installment savings (limited to an amount specified in the following subparagraphs based on the aggregate of the amounts deposited in all financial companies) until the last day of his or her service period prescribed in the Military Service Act; provided, if the service period exceeds 24 months, the period of non-taxation shall not exceed 24 months. *<Amended on Dec. 28, 2021; Dec. 31, 2023>*

1. The amount paid before December 31, 2024: 400,000 won per month;
2. The amount to be paid after January 1, 2025: 550,000 won per month;

(2) Where the holder of an account of the installment savings for future-preparation of military personnel terminates the relevant savings contract prior to the expiration date of the contract, the relevant financial company shall additionally collect, according to Article 146-2, an amount of tax equivalent to the income tax that has not been levied on the account holder. *<Amended on Dec. 29, 2020>*

(3) Deleted. *<Dec. 29, 2020>*

(4) Deleted. *<Dec. 29, 2020>*

(5) Methods for opening, closing, operating, and managing an account of the installment savings for future-preparation of military personnel and other necessary matters shall be prescribed by Presidential Decree.

Article 91-20 (Income Deductions for Long-Term Collective Investment Securities Savings for Youth)

(1) Where a resident who is a youth defined by Presidential Decree and meets the income criteria under paragraph (1) opens an account of the savings prescribed in paragraph (2) (hereafter in this Article, referred to as "long-term collective investment securities savings for youth") by December 31, 2025, an amount equivalent to 40/100 of the amount deposited in the account during each taxable period during the contract period shall be deducted from the amount of his/her global income for that taxable period: *<Amended on Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. The resident meets any of the following income criteria:

   (a) The amount of his or her gross salary for the immediately preceding taxable year is not more than 50 million won (limited to cases where the person has only earned income or global income not added to the tax bases of earned income and global income, for the immediately preceding taxable period, excluding cases where the person has only non-taxable income);

   (b) The amount of global income added to the tax bases of earned income and global income for the immediately preceding taxable period is not more than 38 million won (excluding cases where the person has earned income with his or her gross salary exceeding 50 million won for the immediately preceding taxable period and cases where the person has only non-taxable income);

2. Savings that meets all the following requirements:

   (a) That the purpose of the savings is to acquire collective investment securities of a collective investment scheme investing at least 40/100 of total assets in stocks of stock-listed corporations as defined in Article 9 (15) 3 of the Financial Investment Services and Capital Markets Act (limited to collective investment schemes under Article 17 (1) 5 of the Income Tax Act);

   (b) That the contract period is not less than three years but not more than five years;

   (c) That the savings are deposited in installments with the maximum annual deposit of not more than six million won per person (referring to the total amount deposited by the account holder in all long-term collective investment securities savings accounts for youth).

(2) Notwithstanding paragraph (1), where a resident who has an account for long-term collective investment securities savings for youth falls within any of the following cases, no income deduction under paragraph (1) shall be made for the relevant taxable period: *<Amended on Dec. 31, 2023>*

1. Where the resident has earned income only or global income not added to the tax bases of earned income and global income, during the immediately preceding taxable period, and his or her gross salary during the immediately preceding taxable period exceeds 80 million won;
2. Where the resident's global income added to the tax base of global income for the relevant taxable period exceeds 67 million won;
3. Where the resident does not have global income added to the tax bases of earned income and global income.
4. Where a resident terminates the long-term collective investment securities savings for youth and subscribes to another long-term collective investment securities savings account for youth (hereafter referred to as "convertible subscription" in this Article) meeting the requirements prescribed by Presidential Decree. In such cases, the amount excluded from the income deduction shall be limited to the amount transferred from the previous long-term collective investment securities savings for youth following the conversion of subscription, among the amounts paid into another long-term collective investment securities savings for youth.

(3) Any resident who wishes to be granted income deductions under paragraph (1) shall submit a deposit certificate of long-term collective investment securities savings for youth, which is issued by the financial company handling the long-term collective investment securities savings account (hereafter in this Article, referred to as "savings institution") and states the amount of savings deposited in the relevant year, as necessary for income deductions, to the relevant withholding agent or the head of the tax office having jurisdiction over his or her domicile when he or she makes a year-end settlement of the amount of earned income or files a final return on the tax base of his or her gross income.

(4) If an account holder terminates the relevant contract (including cases where an account holder withdraws all or part of principal, interest, dividend, stocks, beneficiary certificates, etc. or transfers the relevant savings contract to any third person, before the lapse of three years from the date of opening the relevant savings account), no income deduction shall be granted under paragraph (1) from the relevant taxable period onward; provided, where the subscription is terminated for the purpose of converting subscription, the amount paid into the savings of the youth-type long-term collective investment securities before the termination shall be deducted from the amount of global income for the relevant taxable period pursuant to paragraph (1). *<Amended on Dec. 31, 2023>*

(5) Where a person who has an account for long-term collective investment savings for youth closes the account within a period of less than three years from the date of opening the account, the savings institution shall additionally collect an amount calculated by multiplying the accumulated total amount deposited in the relevant savings account by 6/100 (hereafter in this Article, referred to as "additional tax") and pay it to the head of the tax office having jurisdiction over the withholding by the 10th day of the

month following the month in which such savings account is terminated; provided, this shall not apply in any of the following cases, and where a person granted income deductions proves that the tax amount reduced or exempted by the income deductions falls short of the amount of additional tax, an amount equivalent to the tax amount actually reduced or exempted shall be collected additionally. *<Amended on Dec. 31, 2023>*

1. Where he or she has subscribed to another long-term collective investment securities savings account for youth as prescribed by Presidential Decree;
2. Where it is canceled due to unavoidable reasons prescribed by Presidential Decree, such as death or emigration.

(6) Where a savings institution collects additional tax pursuant to paragraph (5), it shall notify the relevant account holder of the details thereof in writing immediately.

(7) Where a savings institution fails to pay, or underpay, additional tax calculated according to paragraph (5) by the prescribed deadline, it shall pay an additional amount equivalent to 10/100 of the tax amount unpaid or underpaid to the head of the tax office having jurisdiction over the withholding.

(8) The savings institution may request the Commissioner of the National Tax Service to verify whether an account holder met the requirements of paragraph (1) 1 when the account holder opened the account.

(9) Upon receipt of a request under paragraph (8), the Commissioner of the National Tax Service shall verify whether the account holder met the requirements when the account holder opened the account and shall notify the savings institution of his or her findings thereof.

(10) Where a savings institution is notified, pursuant to paragraph (9), that an account holder fails to meet the requirements of paragraph (1) 1, the relevant account of long-term collective investment securities savings for youth shall be deemed closed on the date of receipt of such notification.

(11) If an account of long-term collective investment securities savings for youth is deemed to have been closed under paragraph (10), the relevant savings institution shall notify the account holder of relevant facts.

(12) Notwithstanding paragraph (1), no income deduction under paragraph (1) shall apply to savings, etc. subject to special taxation under this Act, including non-taxation, or subject to Article 20-3 (1) 2 of the Income Tax Act.

(13) The procedure for opening an account for long-term collective investment securities savings for youth, procedures for verification and management of persons eligible to open such account, for termination of accounts, and for income deductions, and other necessary matters shall be prescribed by Presidential Decree.

Article 91-21 (Non-Taxation on Youth Hope Installment Savings)

(1) No income tax shall be imposed on interest income that a resident who is a youth prescribed by Presidential Decree and a resident falling under any of the following receives until December 31, 2024 through a dedicated account under paragraph (2) for Youth Hope Installment Savings prescribed by

Presidential Decree (hereafter in this Article, referred to as "Youth Hope Installment Savings") to which the resident subscribes by December 31, 2022. *<Amended on Dec. 31, 2022>*

1. The amount of his or her gross salary for the immediately preceding taxable year is not more than 36 million won (limited to cases where the person has only earned income or global income not added to the tax bases of earned income and global income, for the immediately preceding taxable period, excluding cases where the person has only non-taxable income);

2. His or her global income added to the tax base of global income for the immediately preceding taxable year does not exceed 26 million won (excluding cases where a person has earned income with gross salary exceeding 36 million won and cases where a person has only non-taxable income);

(2) The special taxation under paragraph (1) shall apply to deposits in an account that meets all the following requirements (hereafter in this Article, referred to as "dedicated account"):

1. That a person may hold only one account;

2. That the maximum annual deposit amount is six million won.

(3) The procedure for opening an account of Youth Hope Installment Savings, the methods for the verification and management of persons eligible to open such account, termination of such account, and the operation and management of dedicated accounts, and other necessary matters shall be prescribed by Presidential Decree.

Article 91-22 (Non-Taxation on Youth Take-Off Accounts)

(1) Where a resident who is a youth prescribed by Presidential Decree and meets any of the income criteria opens an account that meets all of the requirements of paragraph (2) (hereafter in this Article, referred to as "Youth Take-Off Account") by December 31, 2025, no income tax shall be imposed on the total amount of interest income and dividend income accrued from the account (hereafter in this Article, referred to as "interest income, etc.").

1. That the amount of his or her gross salary for the immediately preceding taxable year is not more than 75 million won (limited to cases where the person has only earned income or global income not added to the tax bases of earned income and global income, for the immediately preceding taxable period, excluding cases where the person has only non-taxable income);

2. That the amount of global income added to the tax base of global income for the immediately preceding taxable period is not more than 63 million won (excluding cases where the person has earned income with his or her gross salary exceeding 75 million won for the immediately preceding taxable period and cases where the person has only non-taxable income).

(2) "Youth Take-Off Account" means an account prescribed by Presidential Decree as an account that meets all of the following requirements:

1. That a person may hold only one account;

2. That the account is operated with the following assets:

(a) Bank deposits, installment bank deposits, deposits, and other similar financial instruments prescribed by Presidential Decree;

(b) Collective investment securities of a collective investment scheme under Article 17 (1) 5 of the Income Tax Act;

(c) Derivative-linked securities or derivative-linked bonds under Article 17 (1) 5-2 of the Income Tax Act;

(d) Securities or certificates taxable under Article 17 (1) 9 of the Income Tax Act;

(e) Stocks of a stock-listed corporation under subparagraph 3 of Article 88 of the Income Tax Act;

(f) Other assets prescribed by Presidential Decree;

3. That the maximum annual deposit amount is 8,400,000 won.

(3) Where the holder of a Youth Take-Off Account terminates the contract on the Youth Take-Off Account before the third anniversary of the date of initial conclusion of the contract, the relevant financial company, etc. shall additionally collect, according to Article 146-2, the tax amount equivalent to the income tax for which non-taxation was granted; provided, this shall not apply where a contract is terminated due to the account holder's death or emigration to abroad, or any of unavoidable circumstances prescribed by Presidential Decree. <*Amended on Dec. 31, 2024*>

(4) The Commissioner of the National Tax Service shall verify whether an account holder meets the income criteria under paragraphs (1) 1 and 2 during the taxable period immediately preceding the date of opening the account and notify the relevant financial company, etc. of his or her findings thereof.

(5) Notwithstanding paragraph (2) 3, where a resident who subscribes to a youth hope installment savings under Article 91-21 and terminates it after the maturity date subscribes to the youth take-off account and satisfies all of the following requirements, notwithstanding paragraph (2) 3, the amount received upon termination of the youth hope installment savings (hereafter referred to in this paragraph as the "maturity payment") may be paid at once to the extent that the total amount of payment for two years from the date of subscription does not exceed 16.8 million won. <*Added on Dec. 31, 2023*>

1. He or she shall apply for subscription to the youth take-off account by the last day of the month following the month in which the termination date of the youth hope installment savings account belongs;

2. At least 60/100 of the maturity payout shall be paid within 30 days from the date of joining the youth take-off account.

(6) The procedure for opening a youth take-off account, the verification and management of persons eligible for opening the account, the method of operation and management of the accounts, and calculation of interest income, etc., and other necessary matters shall be prescribed by Presidential Decree. <*Amended on Dec. 31, 2023*>

Article 91-23 (Special Taxation on National Bonds for Individual Investment)

(1) Where a resident purchases state bonds for individual investment, as defined in Article 4 (1) 1 (b) of the State Bond Act, (hereinafter referred to as "state bonds for individual investment") by December 31, 2027 through an account that meets all of the following requirements (hereafter in this Article, referred to as "dedicated account") holds the state bonds for the period prescribed by Presidential Decree, the tax rate of 14/100 shall apply to the interest income accrued from the purchase amount of not more than 200 million won in total, among interest income from the state bonds for individual investment, and such interest income shall not be added to the tax base of global income under Article 14 (2) of the Income Tax Act. *<Amended on Dec. 31, 2024>*

1. That a person may hold only one account;
2. That the account may be used only for purchasing state bonds for individual investment.

(2) The method for calculating the purchase amount of state bonds for individual investment, the method for the operation and management of dedicated accounts, and other necessary matters concerning special taxation on state bonds for individual investment shall be prescribed by Presidential Decree.

Article 91-24 (Special cases concerning application of income standards to savings subject to special taxation)

With respect to the subscription requirements or tax-free ceiling amount of the collective savings account for housing subscription giving preferential treatment to youth under Article 87 (3), the individual savings account under Articles 91-18 (1), the long-term collective investment securities savings for youth under Articles 91-20 (1), the youth hope installment savings under Article 91-21 (1), and the youth take-off account under Article 91-22 (1) (hereafter referred to as "savings, etc." in this Article), when applying Article 87 (3) 1, Articles 91-18 (2) 1, 91-20 (1) 1, 91-21 (1) and 91-22 (1), if the case falls under any of the following subparagarphs, it shall be governed by the relevant subparagraph:

1. Where it is difficult to ascertain the total amount of wages or the amount of global income added to the tax base of global income (hereafter referred to as "total salary, etc." in this Article) for the immediately preceding taxable period on the grounds prescribed by Presidential Decree as of the date of application for subscription to savings, etc. or the date of application for extension: The relevant provisions shall apply, considering the total salary, etc. of the taxable period preceding the preceding taxable period as the total salary, etc. of the immediately preceding taxable period;
2. Where a resident has parental leave benefits, childcare leave allowances, or income prescribed by Presidential Decree under subparagraph 3 (e) of Article 12 of the Income Tax Act: The person shall not be deemed to have only non-taxable income.

SECTION 10 Special Taxation for Stabilization of National Living

Article 92 (Tax Credits for Marriage)

(1) Where a resident has filed a report on marriage before December 31, 2026, 500,000 won shall be deducted from the calculated tax amount on global income for the taxable period in which the date of marriage report falls, limited to once (excluding cases where a report under paragraph (2) is filed because the marriage becomes invalid after the marriage report is filed).

(2) If a resident who has received a deduction pursuant to paragraph (1) but in whose case marriage becomes nullified files an amended return pursuant to Article 45 of the National Taxation Act or a late return pursuant to Article 45-3 of the same Act by the date on which three months elapse from the month following the month in which the judgment on the invalidity of the marriage is finalized, all or part of the additional tax pursuant to Articles 47-2 through 47-4 of the same Act shall not be imposed as prescribed by Presidential Decree, but the amount equivalent to interests calculated as prescribed by the Presidential Decree shall be added to the income tax.

(3) In applying paragraph (1), procedures for applying for mutual aid, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 93 Deleted. *<Dec. 31, 2007>*

Article 94 Deleted. *<Dec. 24, 2018>*

Article 95 Deleted. *<Dec. 29, 2001>*

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Article 95-2 (Tax Credits for Monthly Rents)

(1) Where the head of a household prescribed by Presidential Decree (referring to a member of a household, if the head of the household is ineligible for the tax credit under this paragraph, Article 87 (2) of this Act, or Article 52 (4) or (5) of the Income Tax Act, and including foreigners prescribed by Presidential Decree), who does not own a house as at the end of a taxable period, is an employee whose gross pay, as earned income, for the relevant taxable period does not exceed 80 million won (excluding cases of a person whose global income to be added to the tax base of global income for the relevant taxable period exceeds 70 million won) and pays a monthly rent prescribed by Presidential Decree, an amount equivalent to 15/100 (or 17/100 in cases of an employee whose gross pay for the relevant taxable year does not exceed 55 million won (excluding cases of a person whose global income to be added to the tax base of global income for the relevant taxable period exceeds 45 million won) of the monthly rent shall be deducted from the amount of global income tax calculated for the relevant taxable period: Provided, That if such monthly rent exceeds 10 million won, the excess shall be deemed nil. *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

(2) A tax credit under paragraph (1) shall apply when the relevant resident files an application therefor, as prescribed by Presidential Decree.

(3) The application of a tax credit under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

Article 96 (Tax Reduction or Exemption for Small-Housing Rental Business Operators)

(1) Where a national prescribed by Presidential Decree leases one or more units of rental housing prescribed by Presidential Decree (hereafter in this Article, referred to as "rental housing"), the resident is entitled to tax reduction or exemption for any of the following amounts for the income accrued from the leasing business until the taxable year ending on or before December 31, 2025: *<Amended on Dec. 23, 2014; Aug. 28, 2015; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Jan. 16, 2018; Dec. 31, 2019; Dec. 31, 2022>*

1. Where one unit of rental housing is leased: A tax amount equivalent to 30/100 (or 75/100 in cases of publicly-funded private rental housing defined in subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or long-term general private rental housing defined in subparagraph 5 of Article 2 of that Act (hereafter in this Article, referred to as " long-term general private rental housing, etc.)) of income tax or corporate tax;

2. Where two or more units of rental housing are leased: A tax amount equivalent to 20/100 (or 50/100 in cases of long-term general private rental housing, etc.) of income tax or corporate tax.

(2) Where a national granted a reduction of income tax or corporate tax under paragraph (1), fails to lease at least one unit of rental housing for at least four years (or ten years in cases of long-term general private rental housing, etc.), as prescribed by Presidential Decree, the national shall pay the amount of tax reduced, as income tax or corporate tax, at the time of filing his or her tax return for the taxable year in which the relevant ground arises; provided, this shall not apply to cases prescribed by Presidential Decree, such as cases where a national falls under Article 6 (1) 11 of the Special Act on Private Rental Housing and is deregistered. *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Jan. 16, 2018; Dec. 29, 2020>*

(3) The provisions concerning an additional amount equivalent to interest under Article 63 (3) shall apply mutatis mutandis where a national pays the amount of income tax or corporate tax reduced pursuant to paragraph (1) as prescribed in paragraph (2); provided, the same shall not apply in extenuating circumstances prescribed by Presidential Decree. *<Amended on Dec. 29, 2020>*

(4) Any person who intends to be granted a reduction of income tax or corporate tax under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(5) For the purposes of paragraphs (1) through (4), the number of rental housing units; filing an application for tax reductions; methods for calculating the interest on the amount of income tax or corporate tax reduced; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

Article 96-2 (Tax Reductions or Exemptions for Long-Term Commercial Building Rental Business Operators)

(1) Where a resident whose amount of income (referring to the total amount of income converted into one year in cases of the amount of income for the taxable period of less than one taxable year) accruing from his or her real estate rental business for the relevant taxable year does not exceed 75 million won, engages in the rental business that meets each of the following requirements (hereafter in this Article, referred to as "commercial building rental business") until the taxable year ending on or before December 31, 2021, the national is entitled to a tax reduction by an amount of tax equivalent to 5/100 of the income tax or corporate tax on the income accruing from the commercial building rental business for the relevant taxable year:

1. A commercial building referred to in Article 2 (1) of the Commercial Building Lease Protection Act shall be leased to a sole proprietor registered as a business operator pursuant to Article 168 of the Income Tax Act and Article 8 of the Value-Added Tax Act (hereafter in this Article, referred to as "lessee") for the use of commercial purposes, as prescribed by Presidential Decree;

2. The period during which the same lessee has been leased continuously as at the first day of the relevant taxable year shall exceed five years;

3. Average annual increase rate of the rent for the same lessee during the two years until the last day of the relevant taxable year shall not exceed the rate prescribed by Presidential Decree, within the standards for claiming the increase in the rent or security deposit under Article 11 (1) of the Commercial Building Lease Protection Act.

(2) A person who intends to be granted a reduction or exemption of income tax or corporate tax pursuant to paragraph (1) shall file an application therefor as prescribed by Presidential Decree.

(3) For the purposes of paragraph (1), methods for calculating the period of lease and the average annual increase rate of the rent, filing applications for tax reductions or exemptions, and other necessary matters shall be prescribed by Presidential Decree.

Article 96-3 (Tax Credits for Rental Business Operators Reducing Rent for Commercial Buildings)

(1) Where a person who engages in a real estate rental business prescribed by Presidential Decree receives rents from lessees (limited to small and micro enterprises prescribed by Presidential Decree) in a reduced amount for a commercial building prescribed by Presidential Decree for the period from January 1, 2020 to December 31, 2025 (hereafter in this Article, referred to as "deduction period"), an amount equivalent to 70/100 (or 50/100 if the amount of the reference income amount calculated for the relevant taxable year as prescribed by Presidential Decree exceeds 100 million won) of the amount of reduction in rent prescribed by Presidential Decree shall be deducted from income tax or corporate tax. *<Amended on Dec. 29, 2020; Mar. 16, 2021; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

(2) If the requirements prescribed by Presidential Decree are met, such as increasing rents or deposits within a certain period during the contract period, including the deduction period, the deduction under

paragraph (1) shall not be applied or the tax already deducted shall be additionally collected. <*Amended on Dec. 29, 2020*>

(3) A person who wishes to be granted a deduction of income tax or corporate tax under paragraph (1) shall apply for the deduction with documents proving that the person has reduced rents for the relevant commercial building as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) and (2), the method for calculating tax credits, ex-post management of tax credits, and other necessary matters shall be prescribed by Presidential Decree.

Article 97 (Reduction or Exemption of Capital Gains Tax for Long-Term Rental Housing Units)

(1) Where a resident prescribed by Presidential Decree transfers any of the following national housing units (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the building thereon) to any third person after leasing it for at least five years since the commencement of leasing on or before December 31, 2000, the resident is entitled to a tax reduction by 50/100 of the capital gains tax on the income that accrues from the transfer of the housing unit (hereinafter referred to as "rental housing unit"); provided, a resident is entitled to a full exemption from capital gains tax, if the resident transfers a rental housing unit leased for at least five years, among the built-to-rent housing units under the Special Act on Private Rental Housing or the Special Act on Public Housing; a rental housing unit leased for at least five years after acquiring it on or after January 1, 1995 and leasing it since then (limited to houses that had never been occupied by any person as at the time of acquisition), among buy-to-rent housing units under either of that Acts; or a rental house unit leased for at least ten years: <*Amended on Aug. 28. 2015*>

1. A house newly built during the period from January 1, 1986 to December 31, 2000;
2. A multi-family housing unit newly built on or before December 31, 1985 that had never been occupied by any person as of January 1, 1986.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, a rental housing unit shall not be deemed a house owned by a resident.

(3) Any person who intends to obtain a capital gains tax reduction or exemption as prescribed in paragraph (1) shall file a report on housing lease and file an application therefor, as prescribed by Presidential Decree.

(4) The calculation of the rental periods of rental housing units under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 97-2 (Special Cases for Capital Gains Tax Reduction or Exemption for Newly-Built Rental Houses)

(1) Where a resident prescribed by Presidential Decree transfers any of the following national housing units (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the building thereon) to any third person after leasing it for at least five years, the resident is entitled to a

full exemption from the capital gains tax on the income accruing from the transfer of the house (hereafter referred to as "newly-built rental housing unit" in this Article): *<Amended on Aug. 28. 2015>*

1. Either of the following built-to-rent housing units under the Special Act on Private Rental Housing or the Special Act on Public Housing:

(a) A house newly built during the period from August 20, 1999 to December 31, 2001;

(b) A multi-unit house newly built on or before August 19, 1999 that has never been occupied by any person as of August 20, 1999;

2. Either of the following rental housing units acquired on or after August 20, 1999 (limited to where a purchase contract was concluded and a down payment was made during the period from August 20, 1999 to December 31, 2001) and leased since then, among buy-to-rental housing units under the Special Act on Private Rental Housing or the Special Act on Public Housing (limited to houses that had never been occupied by any person as at the time of acquisition):

(a) A house newly built on or after August 20, 1999;

(b) A house falling under subparagraph 1 (b).

(2) Article 97 (2) through (4) shall apply mutatis mutandis to newly-built rental housing unit.

Article 97-3 (Special Taxation for Capital Gains Tax on Long-Term General Private Rental Housing)

(1) Where a resident prescribed by Presidential Decree transfers a publicly-funded private rental housing unit or a long-term general private rental housing unit defined in subparagraph 4 or 5 of Article 2 of the Special Act on Private Rental Housing, which is a privately constructed rental housing unit defined in subparagraph 2 of Article 2 of that Act, in compliance with all of the following requirements after registering the housing unit (excluding the housing units reported as those changed from short-term private rental housing units defined in subparagraph 6 of Article 2 of the Special Act on Private Rental Housing (referring to the Act effective before the amendment by Act No. 17482) to publicly-funded general private rental housing units pursuant to Article 5 (3) of that Act on or after July 11, 2020) by December 31, 2027, where an application for the registration of such housing units as long-term general private rental housing units was filed on or after July 11, 2020), the deduction rate of 70/100 shall apply to the calculation of a special deduction for long-term holding under Article 95 (1) of the Income Tax Act on capital gains income accrued during the lease period, as prescribed by Presidential Decree, notwithstanding Article 95 (2) of that Act. *<Amended on Dec. 23, 2014; Aug. 28, 2015; Dec. 15, 2015; Jan. 16, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2024>*

1. The resident shall transfer the housing unit after leasing for at least ten consecutive years;

2. The resident shall comply with the requirements, etc. for restrictions on the increase in rental deposits or rents prescribed by Presidential Decree.

(2) special taxation under paragraph (1) shall not apply concurrently with the special taxation for capital gains tax on long-term rental housing provided for in Article 97-4. *<Added on Dec. 24, 2018>*

(3) Any person who intends to be accorded special tax treatment under paragraph (1) shall file a report on housing lease and an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

(4) The calculation of the rental periods of rental housing units under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

Article 97-4 (Special Taxation for Capital Gains Tax on Long-Term Rental Housing Units)

(1) Where a resident or non-resident transfers a housing unit prescribed by Presidential Decree after leasing it for at least six years, among private rental housing units built under subparagraph 2 of Article 2 of the Special Act on Private Rental Housing; private rental housing units purchased under subparagraph 3 of Article 2 of that Act; public rental housing units built under subparagraph 1-2 of Article 2 of the Special Act on Public Housing; and public rental housing units purchased under subparagraph 1-3 of Article 2 of the Special Act on Public Housing, to any third person, a deduction rate computed by adding the following additional deduction rate applicable depending on the rental period of the relevant housing unit, to the deduction rate applicable to the relevant holding period under Article 95 (2) of the Income Tax Act, shall apply to the income accruing from the transfer of such housing unit, for the purposes of computing a special deduction for long-term holding under Article 95 (1) of that Act; provided, this shall not apply in cases falling under the proviso to Article 95 (2) of that Act: *<Amended on Aug. 28, 2015; Dec. 15, 2015>*

Rental Periods	Additional Deduction Rates
No less than six, but less than seven years	2/100
No less than seven, but less than eight years	4/100
No less than eight, but less than nine years	6/100
No less than nine, but less than ten years	8/100
Ten years or more	10/100

(2) Any person who intends to be accorded special tax treatment under paragraph (1) shall file a report on housing lease and an application therefor, as prescribed by Presidential Decree.

(3) The calculation of the rental periods of rental housing units under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree.

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Article 97-5 (Capital Gains Tax Reductions or Exemptions for Long-Term General Private Rental Housing Units)

(1) Where a resident transfers a publicly-funded private rental housing unit defined under subparagraph 4 of Article 2 of the Special Act on Private Rental Housing or a long-term general private rental housing unit defined under subparagraph 5 of Article 2 of that Act (hereafter in this Article, referred to as "long-term general private rental housing unit, etc."), the resident is entitled to a full exemption from the capital gains tax on the income accruing from the transfer during the period of lease, as prescribed by Presidential Decree, if the following conditions are fully met: *<Amended on Aug. 28, 2015; Dec. 15, 2015; Dec. 19, 2017; Jan. 16, 2018>*

1. The resident shall acquire (including where the purchase agreement is concluded and a down payment is made by not later than December 31, 2018) a private rental housing unit purchased under subparagraph 3 of Article 2 of the Special Act on Private Rental Housing or a public rental housing unit purchased under subparagraph 1-3 of Article 2 of the Special Act on Public Housing by not later than December 31, 2018, and such housing unit shall be registered as a long-term general private rental housing unit, etc. under the Special Act on Private Rental Housing within three months from the date of acquisition;
2. The resident shall transfer a long-term general private rental housing unit, etc. after leasing it as a long-term general private rental housing unit, etc. for at least ten consecutive years after registration;
3. The resident shall comply with the requirements of Article 97-3 (1) 2 during the lease period.

(2) No tax exemption under paragraph (1) shall apply concurrently with the special taxation for capital gains tax on long-term general private rental housing units, etc. under Article 97-3 and the special taxation for capital gains tax on long-term rental housing units under Article 97-4. *<Amended on Dec. 15, 2015; Jan. 16, 2018>*

(3) Any person who intends to obtain a tax exemption under paragraph (1) shall file a report on housing lease and an application for special taxation, as prescribed by Presidential Decree.

(4) The calculation of the rental periods of rental housing units under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 97-6 (Special Taxation, etc. on In-Kind Investors in Real Estate Investment Companies for Rental Housing)

(1) Where a national makes an investment in kind with land or a building as specified in Article 94 (1) 1 of the Income Tax Act, in a real estate investment company for rental housing prescribed by Presidential Decree (hereafter in this Article, referred to as "real estate investment company for rental housing"), by not later than December 31, 2017, the national may defer the payment of capital gains tax or the imposition of corporate tax on the equivalent to the gains accruing from such investment in kind with the land or building, as prescribed by Presidential Decree (limited to the gains accruing from the portion used for rental housing after the investment in kind, as prescribed by Presidential Decree), if the following

conditions are fully met: <*Amended on Jun. 9, 2020*>

1. The investment in kind shall be made within one year from the date of business authorization under Article 9 (1) of the Real Estate Investment Company Act (in cases of amended authorization, limited to amended authorization for additional investment in kind after the initial business authorization);

2. The national shall receive stocks in full consideration for the investment in kind.

(2) In any of the following cases, a national subject to paragraph (1) shall pay the amount of capital gains tax deferred within two months (within three months in cases of donation under subparagraph 4; or within six months in cases of inheritance) from the end of the month in which the relevant ground arises, as prescribed by Presidential Decree, if the national is a resident; or shall include the amount granted deferred taxation in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises, if the national is a domestic corporation: <*Amended on Dec. 20, 2016*>

1. Where the national disposes of all or some of the stocks received in consideration for his or her investment in kind (excluding where the resident donates stocks, or stocks are inherited upon the death of the resident as prescribed in subparagraph 4);

2. Where the real estate investment company for rental housing, which has received an investment in kind, is dissolved under Article 44 of the Real Estate Investment Company Act (Provided, That this shall not apply if such company is dissolved as a consequence of a merger under Article 43 of the Real Estate Investment Company Act, which fully meets the requirements prescribed under Article 44 (2) of the Corporate Tax Act. In such cases, the merging corporation shall be deemed the real estate investment company for rental housing, that has received such investment in kind, for the purposes of this Article);

3. Where the real estate investment company fails to meet the requirements prescribed by Presidential Decree for two consecutive quarters as at the end of each quarter;

4. Where a resident subject to paragraph (1) donates all or some of the stocks received in consideration for investment in kind or where the relevant stocks are inherited upon the death of the resident.

(3) Where a national is required to pay capital gains tax, the payment of which was deferred under paragraph (1), or corporate tax, the imposition of which was deferred, pursuant to paragraph (2) 2 (limited to revocation of business authorization under Article 42 of the Real Estate Investment Company Act) or paragraph (2) 3, the national shall pay the capital gains tax or corporate tax plus an additional amount equivalent to the interest calculated as prescribed by Presidential Decree; and the amount of such tax shall be deemed the amount of tax payable under Article 111 of the Income Tax Act or Article 64 of the Corporate Tax Act.

(4) A person who intends to be accorded special tax treatment under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) A real estate investment company for rental housing that receives an investment in kind made under paragraph (1), shall submit documents necessary for special taxation for investors in kind in the real estate investment company for rental housing, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (3), methods for paying capital gains tax or corporate tax, the payment or imposition of which is deferred, and other necessary matters, shall be prescribed by Presidential Decree.

Article 97-7 (Special Taxation on Land Transferred to Rental Business Operators)

(1) Where a resident transfers his or her land to a rental business operator defined in subparagraph 7 of Article 2 of the Special Act on Private Rental Housing who intends to construct at least 300 publicly-funded private rental housing units (hereafter in this Article, referred to as "rental housing business operator"), by not later than December 31, 2018, the resident is entitled to a tax reduction by an amount of tax equivalent to 10/100 of the capital gains tax on income accruing from the transfer of his or her land. *<Amended on Jan. 16, 2018>*

(2) A person who intends to be granted a tax reduction under paragraph (1) shall file an application therefor with the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(3) In any of the following cases, a rental business operator shall pay the equivalent to the amount of tax reduced under paragraph (1), as income tax or corporate tax, when filing its tax return for the taxable year in which the relevant ground arises: *<Amended on Jan. 19, 2016; Jan. 16, 2018>*

1. Where the rental business operator is designated as the implementer of a publicly-funded private rental housing development project under Article 23 of the Special Act on Private Rental Housing: If the relevant land has not been designated as a supply promotion district under Article 22 of the Special Act on Private Rental Housing within the period prescribed by Presidential Decree from the date of transfer of the land, or has been designated as a supply promotion district, but the project implementer fails to build and acquire publicly-funded private rental housing units on at least 50/100 of the area to be supplied in return for consideration in the supply promotion district within the period prescribed by Presidential Decree from the date of designation as the supply promotion district;

2. Where the rental business operator is not a person specified in subparagraph 1: If the project implementer fails to obtain approval of a project plan under Article 15 of the Housing Act or a building permit under Article 11 of the Building Act (hereafter in this Article, referred to as "approval of a project plan, etc.") for the construction of publicly-funded private rental housing units within the period prescribed by Presidential Decree from the date of transfer of the land, or has obtained approval of a project plan, etc., but the ratio of the gross floor area of publicly-funded private rental housing units to the gross floor area of all buildings on the project site does not exceed 50/100 within the period prescribed by Presidential Decree from the date of approval of the project plan.

(4) The provisions concerning an additional amount equivalent to interest under Article 63 (3) shall apply mutatis mutandis, where a person pays an amount of tax reduced under paragraph (1) as prescribed in paragraph (3). *<Amended on Dec. 29, 2020>*

(5) Calculation of the amount of capital gains eligible for tax reduction or exemption under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 97-8 (Special Taxation on In-Kind Investors in Publicly-Offering Real Estate Investment Companies)

(1) Where a domestic corporation transfers, as an investment in kind, a parcel of land or a building referred to in Article 94 (1) 1 of the Income Tax Act, to a publicly-offering real estate investment company under Article 49-3 (1) of the Real Estate Investment Company Act (hereafter in this Article, referred to as "publicly-offering real estate investment company") within one year from the date of business authorization under Article 9 (1) of that Act (limited to amended authorization due to an additional investment in kind after the initial business authorization, in cases of amended authorization), the domestic corporation may be granted deferred taxation until it disposes of the stocks acquired in consideration for the investment in kind by including the equivalent to capital gains from the investment in kind made until December 31, 2022 in its deductible expenses, at the time of calculating the amount of its income for the relevant business year, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2019>*

(2) In any of the following cases, a domestic corporation subject to paragraph (1) shall include the amount of tax deferred in its gross income, at the time of calculating the amount of its income for the business year in which the relevant ground arises, as prescribed by Presidential Decree:

1. Where the domestic corporation disposes of the stocks received in consideration for its investment in kind;
2. Where the publicly-offering real estate investment company that has received an investment in kind, is dissolved under Article 44 of the Real Estate Investment Company Act; provided, this shall not apply if such company is dissolved as a consequence of a merger under Article 43 of the Real Estate Investment Company Act, which fully meets the requirements prescribed under Article 44 (2) of the Corporate Tax Act; and the merging corporation shall be deemed the publicly-offering real estate investment company, that has received an investment in kind under paragraph (1), for the purposes of this Article.

(3) Where a domestic corporation is required to pay the amount of corporate tax granted deferred taxation under paragraph (1) as prescribed in paragraph (2) 2 (limited to dissolution due to cancelling business authorization under Article 42 of the Real Estate Investment Company Act), the domestic corporation shall pay the corporate tax plus an additional amount equivalent to interest calculated as prescribed by Presidential Decree; and such amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act.

(4) A domestic corporation that intends to be accorded special tax treatment under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(5) A publicly-offering real estate investment company that has receives an investment in kind under paragraph (1), shall submit documents necessary for giving special tax treatment to in-kind investors in the

publicly offering real estate investment company, as prescribed by Presidential Decree.

(6) For the purpose of paragraphs (1) through (5), methods for including capital gains granted deferred taxation in gross income, and other necessary matters, shall be prescribed by Presidential Decree.

Article 97-9 (Special Taxation on Land Transferred for Purpose of Construction of Purchased Public Rental Housing)

(1) The amount of capital gains tax shall be reduced by 10/100 on the income accrued from a resident's transfer of land for the construction of purchased public rental housing units defined in subparagraph 1-3 of Article 2 of the Special Act on Public Housing (hereafter in this Article, referred to as "purchased public rental housing units") by December 31, 2027 to a person who will build the housing units (limited to a person who has an agreement made with a public housing business entity under Article 4 of that Act (hereafter in this Article, referred to as "public housing business entity") for the construction and transfer of purchased public rental housing units; hereafter in this Article, referred to as "housing construction business entity"). *<Amended on Dec. 31, 2022; Dec. 31, 2024>*

(2) A person who wishes to be granted a tax reduction or exemption under paragraph (1) shall file an application for a tax reduction or exemption with the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(3) If a housing construction business entity fails to build and transfer housing units to be used for purchased public rental housing to the public housing business entity within three years from the date on which the land was transferred to the housing construction business entity (or, if the failure to build and transfer the housing units to be used for purchased public rental housing is caused by any of unavoidable events prescribed by Presidential Decree, such as a delay in authorization or permission, the date on which such event is terminated), the housing construction business entity shall pay an amount equivalent to the tax amount reduced or exempted under paragraph (1) as income tax or corporate tax at the time of filing a tax return on the tax base for the taxable year in which such event occurs. *<Amended on Dec. 31, 2022>*

(4) If a person is obliged to pay a tax reduced or exempted under paragraph (1) pursuant to paragraph (3), the person shall pay an additional amount equivalent to interest thereon, applying Article 63 (3) mutatis mutandis.

(5) Calculation of the amount of capital gains eligible for tax reduction or exemption under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 98 (Special Taxation for Unsold Housing Units)

(1) Where a resident acquired an unsold national housing unit prescribed by Presidential Decree (hereafter in this Article referred to as "unsold housing unit"), during the period from November 1, 1995 to December 31, 1997 (including where a purchase contract was concluded and a down payment was made no later than December 31, 1997), and transfers it after holding and renting it for at least five years, he or she may select one of the following methods for any income accruing from the transfer of the unsold

housing unit: *<Amended on Dec. 31, 2023>*

1. Calculating the tax base and amount of capital gains tax pursuant to Articles 92 of the Income Tax Act, and paying the capital gains tax accordingly. In such cases, the capital gains tax rate shall be 20/100, notwithstanding Article 104 (1) of that Act;

2. Calculating the tax base and amount of global income tax pursuant to Articles 14 and 15 of the Income Tax Act, and paying the global income tax accordingly. In such cases, Article 19 (2) of the Income Tax Act shall apply mutatis mutandis to the calculation of the amount of income accrued from the transfer of the relevant housing unit.

(2) In applying paragraph (1), matters necessary for the special taxation on unsold housing unit, such as whether the relevant housing unit falls under any item of Article 89 (1) 3 of the Income Tax Act, or how to file an application for special taxation, shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2014>*

(3) Where a resident acquired an unsold national housing unit prescribed by Presidential Decree, during the period from March 1, 1998 to December 31, 1998 (including where a purchase contract was concluded and a down payment was made no later than December 31, 1998), and transfers it after holding and renting it for at least five years, paragraph (1) shall apply mutatis mutandis to any income accruing from the transfer of the relevant housing unit.

Article 98-2 (Special Taxation on Capital Gains Tax for Acquisition of Unsold Local Housing Units)

(1) Notwithstanding the main body of Article 95 (2) of the Income Tax Act and Article 104 (1) 3 of that Act, the following shall apply to the special deduction for long-term holding and tax rate for the income accruing from the transfer of an unsold housing unit prescribed by Presidential Decree and located outside the Seoul Metropolitan area (hereafter referred to as "unsold local housing unit" in this Article), acquired (including where a purchase contract was concluded and a down payment was made by December 31, 2010) by a resident for the period from November 3, 2008 to December 31, 2010: *<Amended on Jan. 1, 2014>*

1. Special deduction for long-term holding: An amount computed by multiplying the gains from transfer by the deduction rate by holding period classified in Table 2 of Article 95 (2) of the income tax Act;

2. Tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income Tax Act.

(2) Articles 55-2 (1) 2 and 95-2 of the Corporate Tax Act shall not apply to the income of a corporation accrued from the transfer of unsold local housing units; provided, this shall not apply to unregistered transfer.

(3) The amount of global income tax on the income accrued to a resident realtor from the transfer of local unsold housing units shall be calculated under Article 55 (1) of the Income Tax Act, notwithstanding Article 64 (1) of that Act.

(4) For the purposes of Article 89 (1) 3 of the Income Tax Act, an unsold local housing unit subject to paragraph (1) shall not be deemed a housing unit owned by the relevant resident. *<Amended on Jan. 1,*

2014>

(5) How to file a final return on the tax base, and other necessary matters when applying paragraphs (1) through (4) shall be prescribed by Presidential Decree.

Article 98-3 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units)

(1) Where a resident or a non-resident having no place of business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act, purchased an unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "unsold housing unit") located outside Seoul Special Metropolitan City (excluding the designated areas under Article 104-2 of the Income Tax Act) (including where a purchase contract was concluded and a down payment was made by no later than February 11, 2010) by first contracting to purchase the same with the relevant project operator supplying housing units pursuant to Article 54 of the Housing Act (including the relevant housing builder if less than 20 housing units are supplied) during the following applicable period, the resident or the non-resident is entitled to a full exemption (or 60/100 in cases of the over-concentration control region of the Seoul Metropolitan area) from the tax on capital gains from transfer of such housing unit if he or she transfers the housing unit within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years since the date of purchase (or the equivalent to 60/100 of the amount of capital gains in cases of the over-concentration control region of the Seoul Metropolitan area), from the amount of income subject to capital gains tax on that housing unit, if he or she transfers the housing unit five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of the income subject to capital gains tax shall be deemed nil: *<Amended on Jan. 19, 2016>*

1. In cases of residents: The period between February 12, 2009 and February 11, 2010;
2. In cases of non-residents: The period between March 16, 2009 and February 11, 2010.

(2) For the purposes of paragraph (1), an unsold housing unit shall include a house a person builds upon starting its construction during the period between February 12, 2009 and February 11, 2010 (where the date of commencement is uncertain, it shall be based on the date an application for commencement is submitted), and for which he or she has obtained approval for use or inspection for use (including approval for temporary use); provided, the same shall not apply to the following houses: *<Amended on Feb. 8, 2017>*

1. A house acquired by a member of a rearrangement project association conducting a housing redevelopment project or housing reconstruction project under the Act on the Improvement of Urban Areas and Residential Environments or a small-scale reconstruction project under the Act on Special Cases concerning Unoccupied House or Small-Scale Housing Improvement according to the relevant management and disposal plan;
2. A house demolished and then reconstructed after being lost by fire, collapsing, being worn-out, etc. while occupied or owned.

(3) For the purposes of Article 89 (1) 3 of the Income Tax Act, no housing unit subject to paragraphs (1) and (2) shall be deemed a housing unit owned by a resident. *<Amended on Jan. 1, 2014>*

(4) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long-term holding special deduction and tax rate shall apply to gains on transfer of a housing unit subject to paragraphs (1) and (2): *<Amended on Jan. 1, 2014>*

1. The long-term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso of paragraph (2) of that Article);
2. Tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income Tax Act.

(5) For the purposes of paragraphs (1) and (2), methods for calculating the amount of capital gains accruing from the transfer of an unsold housing unit within five years since the date of purchase, and other necessary matters shall be prescribed by Presidential Decree.

Article 98-4 (Special Taxation for Capital Gains Tax on Acquisition of Houses by Non-Residents)

Where a non-resident having no domestic place of business under Article 120 of the Income Tax Act acquires (including cases where a purchase contract is concluded no later than February 11, 2010 and the contract deposit is paid) a house other than that unsold in lots under Article 98-3 (1) during the period from March 16, 2009 to February 11, 2010 and transfers it, the tax amount equivalent to 10/100 of the capital gains tax on the income accruing from such transfer shall be exempted.

Article 98-5 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units Located outside Seoul Metropolitan Area)

(1) Where a resident or a non-resident having no place of business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act, purchased an unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "unsold housing unit") located outside the Seoul Metropolitan area as at February 11, 2010 (including where a purchase contract was concluded and a down payment was made by no later than April 30, 2011) by first contracting to purchase the same with the relevant project operator, etc. supplying housing units pursuant to Article 54 of the Housing Act by no later than April 30, 2011, the resident or the non-resident is entitled to a tax reduction by an amount calculated by multiplying the tax on capital gains from transfer of such housing unit by the following reduction rate based on the discount rate of the selling price (referring to the selling price publicly announced in the invitation to purchasers under the Housing Act; hereafter in this Article, the same shall apply) from capital gains tax, if he or she transfers the housing unit within five years from the date of purchase; and to deduct an amount calculated by multiplying the amount of capital gains accruing for five years from the date of purchase of such housing unit by the following reduction rate based on the discount rate of the selling price, from the amount of income subject to capital gains tax on the relevant housing unit, if he or she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax shall be deemed nil: *<Amended on Jan. 19, 2016>*

1. Where the discount rate of the selling price does not exceed 10/100: 60/100;

2. Where the discount rate of the selling price is between 10/100 and 20/100: 80/100;

3. Where the discount rate of the selling price exceeds 20/100: 100/100.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no unsold housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident. *<Amended on Jan. 1, 2014>*

(3) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long-term holding special deduction and tax rate shall apply to gains on transfer of an unsold housing unit subject to paragraph (1): *<Amended on Jan. 1, 2014>*

1. The long-term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso to that paragraph);

2. Tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income Tax Act.

(4) For the purposes of paragraph (1), methods for calculating the capital gains accruing for five years from the date an unsold housing unit is purchased; methods for calculating the discount rate of the selling price; and other necessary matters, shall be prescribed by Presidential Decree.

Article 98-6 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)

(1) Where a resident or a non-resident having no place of business in the Republic of Korea, as referred to in Article 120 of the Income Tax Act (hereafter in this Article, referred to as "non-resident"), transfers any of the following housing units, the resident or the non-resident is entitled to a tax reduction by the equivalent to 50/100 of the tax on capital gains accruing from the transfer of the housing unit (limited to the housing units that meet the conditions prescribed in subparagraph 1), if he or she transfers such housing unit after the lapse of five years from the date of purchase; and to deduct the equivalent to 50/100 of the capital gains accruing for five years from the date of purchase of the housing unit, from the amount of income subject to capital gains tax on that housing unit, if he or she transfers such housing unit five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax shall be deemed nil: *<Amended on Aug. 28, 2015; Jan. 19, 2016>*

1. A completed but unsold housing unit prescribed by Presidential Decree (hereafter in this Article, referred to as "completed but unsold housing unit"), which a project entity supplying housing units pursuant to Article 54 of the Housing Act or any other project implementer prescribed by Presidential Decree (hereafter in this Article, referred to as "project entity, etc."), has leased for at least two years by contracting to lease, by not later than December 31, 2011, and is purchased by a resident or a non-resident upon first contracting to purchase the same with the relevant project entity, etc.;

2. A completed but unsold housing unit, purchased by a resident or a non-resident by first contracting to purchase the same with the relevant project entity, etc. and leasing for at least five years (limited to where a resident or a non-resident contracts to lease, by not later than December 31, 2011, upon

completing business registration under Article 168 of the Income Tax Act and being registered as a rental business operator under Article 5 of the Special Act on Private Rental Housing).

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no house or housing unit subject to paragraph (1) shall be deemed a house or housing unit owned by a resident. *<Amended on Jan. 1, 2014>*

(3) Notwithstanding Articles 95 (2) and 104 (1) 3 of the Income Tax Act, the following long-term holding special deduction and tax rate shall apply to gains on transfer of a housing unit subject to paragraph (1): *<Amended on Jan. 1, 2014>*

1. The long-term holding special deduction: An amount calculated by multiplying the gains on transfer by the deduction rate by holding period classified in Table 1 of Article 95 (2) of the Income Tax Act (or Table 2 in cases falling under the proviso to that paragraph);
2. Tax rate: A tax rate prescribed under Article 104 (1) 1 of the Income Tax Act.

(4) For the purposes of paragraph (1), methods for calculating the amount of capital gains, procedures for verifying completed but unsold housing units and the lease period of such housing units; and other necessary matters shall be prescribed by Presidential Decree.

Article 98-7 (Special Taxation for Capital Gains Tax on Purchasers of Unsold Housing Units)

(1) Where a national first contracts to purchase an unsold housing unit prescribed by Presidential Decree as at September 24, 2012, at a purchase price not exceeding 900 million won (hereafter in this Article, referred to "unsold housing unit"), with the relevant project entity supplying housing units under Article 54 of the Housing Act or any other project implementer prescribed by Presidential Decree (limited to where a down payment is made) or purchases an unsold housing unit through such contract during the period between September 24, 2012 and December 31, 2012, the national is entitled to a full exemption from the tax on capital gains accruing from the transfer of the housing unit, if he or she transfer it within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years since the date of purchase of such housing unit, from the amount of income subject to capital gains tax on such housing, if he or she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the income subject to capital gains tax shall be deemed nil. *<Amended on Jan. 19, 2016>*

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no unsold housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident. *<Amended on Jan. 1, 2014>*

(3) For the purposes of paragraph (1), methods for calculating the amount of capital gains accruing for five years from the date an unsold housing unit is purchased, and other necessary matters, shall be prescribed by Presidential Decree.

Article 98-8 (Special Taxation for Capital Gains Tax on Purchasers of Completed but Unsold Housing Units)

(1) Where a resident first contracts to purchase a completed but unsold housing unit prescribed by Presidential Decree with the gross total floor area (or an area for exclusive use, in cases of multi-family housing) not exceeding 135 square meters at an purchase price not exceeding 600 million won as at the time of purchase, with a person prescribed by Presidential Decree, such as a project entity supplying housing units under Article 54 of the Housing Act, during the period between January 1, 2015 and December 31, 2015, and transfers the housing unit after having leased it for at least five years (limited to where a resident contracts to lease, by no later than December 31, 2015, after completing business registration under Article 168 of the Income Tax Act and being registered as a rental business operator under Article 5 of the Special Act on Private Rental Housing), the resident is entitled to deduct the equivalent to 50/100 of the capital gains accruing for five years from the date the housing unit is purchased, from the income subject to capital gains tax on the housing unit. In such cases, the deductible amount that exceeds the income subject to capital gains tax shall be deemed nil. *<Amended on Aug. 28, 2015; Jan. 19, 2016>*

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no housing unit subject to paragraph (1) shall be deemed a housing unit owned by a resident.

(3) For the purposes of paragraph (1), methods for calculating the capital gains accruing for five years from the date a housing unit is purchased; procedures for verifying a completed but unsold housing unit and the lease period of a housing unit; and other necessary matters, shall be prescribed by Presidential Decree.

Article 98-9 (Special Taxation of Capital Gains Tax and Comprehensive Real Estate Holding Tax on Acquirers of Unsold Housing Units after Completion in Areas Outside of Seoul Metropolitan Area)

(1) Where one household (referring to one household as defined in subparagraph 6 of Article 88 of the Income Tax Act) who owns one house acquires unsold housing units after completion which meet all of the following requirements (hereafter in this Article referred to as "unsold housing units after completion of construction"), during the period from January 10, 2024 to December 31, 2025, and then transfers a house owned before acquiring unsold housing units after completion of construction, Article 89 (1) 3 of the Income Tax Act shall apply, deeming that such unsold housing units after completion are not owned by the relevant household:

1. It shall be located in an area outside the Seoul Metropolitan Area;
2. It shall meet the requirements prescribed by Presidential Decree, such as the exclusive area and the acquisition value;

(2) If one household owning one house (referring to a household under subparagraph 8 of Article 2 of the Gross Real Estate Tax Act) acquires unsold housing units after completion during the period from January 10, 2024 to December 31, 2025, it shall be one house per household under Article 8 (1) 1 of that Act.

(3) Any person who intends to be eligible for paragraph (2) shall file a report to the head of a competent tax office from September 16 to 30 of the relevant year, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) and (2), procedures for confirming unsold housing units after completion of construction and other necessary matters shall be prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 99 (Reduction or Exemption of Capital Gains Tax for Purchasers of Newly-Built Houses)

(1) Where a resident (excluding housing developers) transfers any of the following newly-built houses (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the relevant building; the same shall apply hereafter in this Article) within five years from the date of acquisition, the resident is entitled to deduction of the amount of capital gains accruing from the date of acquisition of the newly-built house to the date of transfer from the amount of income subject to capital gains tax, and entitled to deduction of the amount of capital gains accruing for five years from the date of acquisition of the newly-built house from the amount of taxable income subject to capital gains tax, if such resident transfers the newly-built house to any third person after the lapse of five years from the date of acquisition of the newly-built house; provided, this shall not apply where such newly-built house is a high-priced house that is not exempt from capital gains tax under Article 89 (1) 3 of the Income Tax Act: *<Amended on Dec. 15, 2015>*

1. A house constructed by the resident (including any house acquired by a member through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Improvement of Urban Areas and Residential Environments), and the approval for use or inspection for use of which (including approval for temporary use) was granted during the period from May 22, 1998 to June 30, 1999 (or from May 22, 1998 to December 31, 1999 in cases of national housing units; hereafter in this Article referred to as "period for acquisition of a newly-built house");

2. A house acquired from a housing developer by a person who first concludes a sales contract and makes a down payment within the period for acquisition of a newly-built house (including a house prescribed by Presidential Decree that has been acquired through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Improvement of Urban Areas and Residential Environments); provided, excluded herefrom is a house that has been occupied by any person as at the date of a sales contract, or a house eligible under circumstances prescribed by Presidential Decree during the period for acquisition of a newly-built house.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no newly-built house subject to paragraph (1) shall be deemed a house owned by a resident only where the resident holding the newly-built house

and any other house transfers the other house by not later than December 31, 2007.

(3) A person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) How to calculate the capital gains to be deducted from an amount of taxable income subject to capital gains tax under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 15, 2015>*

Article 99-2 (Special Taxation for Capital Gains Tax on Purchasers of Newly-Built Houses, etc.)

(1) Where a resident or a non-resident purchases a newly-built house or an unsold housing unit prescribed by Presidential Decree or a house classified as one house for one household, at a purchase price not exceeding 600 million won, or with the gross floor area (or the area for exclusive use, in cases of multi-family housing) not exceeding 85 square meters, by first contracting to purchase the same with a project entity, etc. supplying housing units under Article 54 of the Housing Act during the period between April 1, 2013 and December 31, 2013, or any other person prescribed by Presidential Decree (including where a down payment is made by December 31, 2013 after contracting to purchase the same), the resident or the non-resident is entitled to a full exemption from tax on capital gains from the transfer of the house or housing unit, if he or she transfers it within five years from the date of purchase; and to deduct the amount of capital gains accruing for five years from the date of purchase, from the amount of income subject to capital gains tax on such house or housing unit, if he or she transfers it five years after the date of purchase. In such cases, the deductible amount that exceeds the amount of income subject to capital gains tax shall be deemed nil. *<Amended on Jan. 19, 2016>*

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no house or housing unit subject to paragraph (1) shall be deemed a house or housing unit owned by a resident. *<Amended on Jan. 1, 2014>*

(3) Paragraph (1) shall not apply to any area prescribed by Presidential Decree wherein the price of real estate has risen or is likely to rise sharply, in light of the inflation of the national consumer prices and of the national trade prices of housing.

(4) capital gains tax reductions or exemptions under paragraph (1) shall be granted only where a resident or a non-resident submits to the head of the tax office having jurisdiction over the place of tax payment, documents verifying that the relevant house or housing unit is eligible for reductions or exemptions under paragraph (1), as prescribed by Presidential Decree. *<Amended on Jan. 1, 2014>*

(5) For the purposes of paragraph (1), methods for calculating the amount of capital gains accruing for five years from the date a house or housing unit is purchased, and other necessary matters, shall be prescribed by Presidential Decree.

Article 99-3 (Special Taxation for Capital Gains Tax on Purchasers of Newly-Built Houses)

(1) Where a resident (excluding housing developers) transfers any of the following newly-built houses (including the land appurtenant thereto with an area of not exceeding two times the total floor area of the

relevant house; the same shall apply hereafter in this Article) in any area, other than the areas prescribed by Presidential Decree where the price of real estate rises or is likely rise sharply, in view of the inflation of national consumer prices and of national sales prices of houses, within five years from the date of acquisition, the resident is entitled to deduction of the amount of capital gains accruing from the date of acquisition of the newly-built house to the date of transfer, from the amount of taxable income subject to capital gains tax, and entitled to deduction of the amount of capital gains accruing for five years from the date of acquisition of the newly-built house, from the amount of taxable income subject to capital gains tax, if such resident transfers the newly-built house to any third person after the lapse of five years from the date of acquisition of the newly-built house; provided, this shall not apply where such newly-built house is a high-priced house that is not exempt from capital gains tax under Article 89 (1) 3 of the Income Tax Act: *<Amended on Dec. 15, 2015>*

1. A newly-built house acquired from a housing developer: A newly-built house acquired by a person who first concluded a sales contract with a housing developer and made a down payment (including a house prescribed by Presidential Decree that is acquired through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Improvement of Urban Areas and Residential Environments) during the period from May 23, 2001 to June 30, 2003 (hereafter in this Article referred to as "period for acquisition of a newly-built house"); provided, excluded herefrom is a house that has been occupied by any person as at the date of the sales contract, or a hours eligible under circumstances prescribed by Presidential Decree during the period for acquisition of a newly-built house;
2. A newly-built house constructed by the resident (including a house acquired, through a housing cooperative established under the Housing Act, or a cooperative for maintenance and improvement projects established under the Act on the Improvement of Urban Areas and Residential Environments, by its member prescribed by Presidential Decree): A newly-built house, the approval for use or inspection for use (including the approval for temporary use) of which has been granted during the period for acquisition of a newly-built house.

(2) For the purposes of Article 89 (1) 3 of the Income Tax Act, no newly-built house subject to paragraph (1) shall be deemed a house owned by a resident only where the resident holding the newly-built house and any other house transfers the other house by not later than December 31, 2007.

(3) A person who intends to obtain a tax reduction or exemption under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(4) How to calculate the capital gains to be deducted from an amount of taxable income subject to capital gains tax under paragraph (1), and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 15, 2015>*

Article 99-4 (Special Taxation for Capital Gains Tax on Purchasers of Houses in Agricultural or Fishing Villages)

(1) Where one household prescribed by Presidential Decree, consisting of a resident and his/her spouse (hereafter in this Article, referred to as "one household"), purchases (including acquisition by directly building a house) any of the following houses (hereafter in this Article, referred to as "house in an agricultural or fishing village") during the period between August 1, 2003 (or January 1, 2009 for a house in one's hometown) and December 31, 2025 (hereafter in this Article, referred to as "period for purchase of a house, etc. in an agricultural or fishing village"); owns it for at least three years; and subsequently transfers another house (hereafter in this Article, referred to as "ordinary house") that the same household owns before acquiring the house in an agricultural or fishing village, the house in an agricultural or fishing village shall not be deemed a house owned by such one household for the purposes of Article 89 (1) 3 of the Income Tax Act: *<Amended on Jan. 1, 2010; May 19, 2011; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Jan. 19, 2016; Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022; Jun. 9, 2023; Dec. 31, 2023; Dec. 31, 2024>*

1. A house fully satisfying the following requirements (hereafter in this Article, referred to as "house in an agricultural or fishing village"):

   (a) It shall be located in a special opportunity development zone under subparagraph 13 of Article 2 of the Special Act on Local Autonomy and Decentralization, and Restructuring of Local Administrative Systems (excluding a special opportunity development zone in a depopulated area or in the over-concentration control region of the metropolitan area that is not a border area pursuant to subparagraph 1 of Article 2 of the Special Act on Support for Border Area; hereafter referred to as "opportunity development zone" in this Article and Chapter V-11); or in an area other than an area specified in the following, in which it shall be located in Eup/Myeon under Article 3 (3) and (4) of the Local Autonomy Act or Dong prescribed by Presidential Decree in consideration of the population size, etc.:

   (b) The total price (referring to the standard market price under Article 99 of the Income Tax Act) of a house and appurtenant land shall not exceed 200 million won (or 400 million won in cases of a traditional Korean-style house prescribed by Presidential Decree) as at the time of purchase of the house;

2. A house fully satisfying the following requirements (hereafter in this Article, referred to as "house in one’s hometown"):

   (a) The house shall be located in one's hometown prescribed by Presidential Decree;

   (b) The house shall be located in a Si area prescribed by Presidential Decree in consideration of population, etc. as at the time of purchase, except the following areas:

   (c) The total price (referring to the standard market price under Article 99 of the Income Tax Act) of a house and appurtenant land shall not exceed 300 million won (or 400 million won in cases of a traditional Korean-style house prescribed by Presidential Decree) as at the time of purchase of the house.

(2) Deleted. *<Dec. 31, 2007>*

(3) Paragraph (1) shall not apply where the house that one household purchases in an agricultural or fishing village is located in the Eup/Myeon where the ordinary house owned by the household is located or in an adjacent Eup/Myeon, in terms of administrative districts, or where the house that one household purchases in one's hometown is located in the Si where the ordinary house owned by the household is located or in an adjacent Si, in terms of administrative districts. *<Amended on Jan. 1, 2010; Dec. 23, 2014>*

(4) Paragraph (1) shall also apply even if one household transfers the ordinary house before it satisfies the requirement that it shall own a house, etc. in an agricultural or fishing village for at least three years as prescribed in paragraph (1). *<Amended on Jan. 1, 2010>*

(5) Article 104 (7) of the Income Tax shall not apply where one household owns only two houses located in areas subject to adjustment under Article 63-2 (1) 1 of the Housing Act within the Seoul Metropolitan area (limited to cases where the aggregate amount of the individual housing prices and the multi-family housing prices under the Act on the Public Announcement of Real Estate Values does not exceed 600 million won) and transfers one of the two houses by not later than December 31, 2020, and acquires a house in an agricultural or fishing village within the period prescribed in the main clause of Article 105 (1) 1 of the Income Tax Act, and the household is entitled to a long-term holding special deduction under Article 95 (2) of the Income Tax Act. *<Added on Dec. 24, 2018>*

(6) Where one household accorded special tax treatment for capital gains tax under paragraph (4) fails to own a house, etc. in an agricultural or fishing village for at least three years, or where one household accorded special tax treatment for capital gains tax under paragraph (5) fails to own a house, etc. in an agricultural or fishing village for at least three years or fails to reside in a house, etc. in an agricultural or fishing village for at least two years, the amount of tax calculated as prescribed by Presidential Decree, which is the amount of tax the household would have paid if it had not been accorded such special tax treatment, shall be paid as capital gains tax, within two months from the end of the month in which the household ceases to own or reside in the house; provided, the same shall not apply in extenuating circumstances prescribed by Presidential Decree, such as expropriation under the Act on Acquisition of and Compensation for Land for Public Works Projects. *<Amended on Jan. 1, 2010; Dec. 23, 2014; Dec. 24, 2018>*

(7) Any person who intends to be accorded special tax treatment under paragraphs (1), (4) and (5) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2010; Dec. 24, 2018>*

(8) Methods for calculating the plottage and purchase price of a house, etc. in an agricultural or fishing village; methods for calculating the holding period of a house, etc. in an agricultural or fishing village; criteria for determining whether a house meets requirements for a house, etc. in an agricultural or fishing village; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2010; Dec. 24, 2018>*

Article 99-5 (Special Cases concerning Extinction of Small Private Enterprises' Liability to Pay Amounts of Delinquency)

(1) Upon receipt of an application filed by a resident meeting all of the following requirements, the head of the relevant tax office may extinguish the liability to pay an amount of up to 30 million won per person for which extinctive prescription of authority to collect national tax has not been completed among the global income tax, value-added tax, and special rural development tax or additional dues thereon or disposition fees for arrears thereof to be added to the global income tax and value-added tax (hereafter in this Article, the aggregate of these taxes and additional dues and expenses shall be referred to as "amount of delinquency subject to extinction"), as an amount of delinquency which it is impractical to collect from the relevant resident. In such cases, such amount shall have a ceiling including all the amounts of delinquency subject to extinction for which the liability to pay has already been extinguished by the heads of other tax offices: *<Amended on Dec. 27, 2010; Aug. 13, 2013; Dec. 19, 2017>*

1. A person whose average amount of total business income (referring to the total amount of income converted into one year in cases of the amount of income for the taxable year of which taxable period is below one year) during the three immediately preceding taxable years, including the taxable year to which the last date of cessation of business of the relevant resident is below the amount prescribed by Presidential Decree;

2. A person who closes his or her business on or before December 31, 2017, and meets any of the following requirements:

(a) He or she shall file an application for business registration at the competent tax office to start a new business during the period between January 1, 2018 and December 31, 2018;

(b) He or she shall have worked for at least three months as of the date on which he or she files an application to extinguish his or her liability to pay (hereafter in this Article, referred to as "date of application") after being employed between January 1, 2018 and December 31, 2018;

3. A person who has not been subject to punishment or disposition under the Punishment of Tax Offenses Act nor been involved in any case pending in the court within the five years immediately preceding the date of application;

4. A person against whom no investigation being conducted into a violation of the Punishment of Tax Evaders Act as of the filing date of application.

(2) "Amount of delinquency which is impractical to collect from the relevant resident" in paragraph (1) means any of the following amount of delinquency: *<Added on Dec. 19, 2017>*

1. Amount of delinquency of the relevant resident, for which the disposition of deficit was issued as of June 30, 2017;

2. Amount of delinquency of the relevant resident, for which the disposition for arrears was suspended as of June 30, 2017;

3. Amount of delinquency of the relevant resident, which is impractical to collect because he or she has no property as of June 30, 2017;

4. Where disposition for arrears is terminated as of June 30, 2017, and the allocated amount appropriated to the amount of delinquency of the relevant resident is less than the amount of delinquency, the amount of delinquency remaining after such allocated amount was appropriated;

5. Where it is impractical to collect the amount of delinquency of the relevant resident because the value of total property as of June 30, 2017 is insufficient to be appropriated to disposition fees for arrears, such amount of delinquency;

6. An amount of delinquency prescribed by Presidential Decree, in other cases where the collection is deemed impractical.

(3) Where a resident intends to have his or her liability to pay the amount of delinquency subject to extinction under paragraph (1), he or she shall file an application for extinguishment of liability to pay the amount of delinquency subject to extinction, with the head of the tax office having jurisdiction over the amount of delinquency subject to extinction, between January 1, 2018 and December 31, 2019, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Aug. 13, 2013; Dec. 19, 2017>*

(4) Upon receipt of an application for extinguishment of liability to pay the amount of delinquency subject to extinction under paragraph (3), the head of the tax office shall determine whether the application is approved or rejected within two months from the date of application after deliberation thereon by the Defaulted National Tax Adjustment Committee under Article 87 of the National Tax Collection Act and shall notify the applicant of the results of the determination. In such cases, when the head of the tax has determined to extinguish the relevant resident's liability to pay the amount of delinquency subject to extinction, such liability to pay the relevant amount of delinquency subject to extinction shall be deemed extinguished on the date of application. *<Amended on Dec. 19, 2017>*

(5) When the head of the relevant tax office finds other collectible property existing as of June 30, 2017 even after he or she has determined to extinguish the liability to pay the amount of delinquency subject to extinction as prescribed in paragraph (1), he or she shall, without delay, revoke the extinguishment of liability to pay for an amount equivalent to the value of such property and shall issue disposition for arrears. *<Amended on Dec. 19, 2017>*

(6) Where a resident falling under paragraph (1) 2 (a) falls under any of the following cases even after the head of the competent tax office has determined to extinguish the liability to pay an amount of delinquency subject to extinction under paragraph (1), the head of the competent tax office shall, without delay, revoke the extinguishment of the liability to pay such amount and shall issue disposition for arrears; *<Added on Dec. 19, 2017>*

1. Where he or she fails to receive a business registration certificate within one month from the date he or she has filed an application for business registration;

2. Where he or she fails to commence his or her business within one month from the date he or she has filed an application for business registration.

(7) Where it is found, before the date of application, that a resident has property or income (hereafter referred to as "property, etc." in this Article) acquired or accrued on or after July 1, 2017, the head of the

competent tax office may issue disposition for arrears. *<Amended on Dec. 19, 2017>*

(8) Where it is found, after the date of application, that a resident has property, etc. acquired or accrued on or after July 1, 2017, the head of the relevant tax office shall not issue disposition for arrears on the property, etc. of the resident for an amount for which liability to pay extinguished as prescribed in paragraph (1). *<Amended on Dec. 19, 2017>*

(9) Where it is intended to extinguish the liability of a resident to pay only part of the amount of delinquency subject to extinction, the priority of extinguishment shall be in the order of national tax, additional dues and disposition fees for arrears by case. *<Amended on Dec. 19, 2017>*

(10) The method, etc. of filing an application for extinguishment of liability to pay an amount of delinquency subject to extinction, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 19, 2017>*

Article 99-6 (Special Taxation for Delinquent Taxes of Resurgent Small or Medium Entrepreneurs)

(1) Upon receipt of an application by a national prescribed by Presidential Decree who fully satisfies the following requirements (hereafter referred to as "resurgent small or medium entrepreneur" in this Article), including those who have borrowed the re-establishment fund from the Korea SMEs and Startups Agency established under the Small and Medium Enterprises Promotion Act, the head of the competent tax office may defer the seizure of property (including the seizure of property already seized) or the sale of seized property subject to forced collection under the National Tax Collection Act, according to the applicant's plan to pay delinquent taxes (limited to the delinquent amount of income tax, corporate tax, value-added tax, and of tax items added thereto), by the period prescribed by Presidential Decree: *<Amended on Dec. 31, 2018; Dec. 29, 2020>*

1. A person whose annual average number of tax delinquency within the five years immediately preceding the filing date of the application, and the amount of delinquent taxes fall short of the guidelines prescribed by Presidential Decree;
2. A person prescribed by Presidential Decree among nationals whose average revenue (referring to the sales calculated according to the corporate accounting standards) for the three taxable years immediately preceding the filing date of the application does not exceed the amount prescribed by Presidential Decree;
3. A person who has been subject to neither punishment nor disposition under the Punishment of Tax Offenses Act, nor any case being tried in the court within the five years immediately preceding the filing date of the application;
4. A person against whom no investigation is being conducted into any alleged violation of the Punishment of Tax Offenses Act as at the filing date of the application;
5. A person who fulfills his/her legal liability under tax laws prescribed by Presidential Decree, such as the liability to keep double-entry bookkeeping, as at the filing date of the application.

(2) A resurgent small or medium entrepreneur that intends to have the seizure of property or the sale of the seized property deferred under paragraph (1) shall file an application therefor with the head of the competent tax office by not later than December 31, 2026, as prescribed by Presidential Decree. *<Amended on Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(3) Upon receipt of an application filed for the suspension of seizure or sale by a resurgent small or medium entrepreneur under paragraph (2), the head of the competent tax office shall determine whether the resurgent small or medium entrepreneur is required to provide security for tax payment, after deliberation by the Defaulted National Tax Adjustment Committee established under Article 106 of the National Tax Collection Act, and notify the resurgent small or medium entrepreneur of such determination within two months from the filing date of the application. *<Amended on Dec. 29, 2020>*

(4) Where any of the following applies to a resurgent small or medium entrepreneur after the head of the competent tax office has determined to the suspension of seizure or sale under paragraph (1), the head of the competent tax office shall revoke the suspension and execute forced collection: *<Amended on Jun. 9, 2020; Dec. 29, 2020>*

1. Where the resurgent small or medium entrepreneur fails to comply with his or her plan to pay delinquent taxes on at least three occasions;
2. Where it is deemed impossible to collect the full amount of delinquent taxes related to deferral until the deferred due date, because any of the events prescribed in any subparagraph of Article 9 (1) of the National Tax Collection Act occurs;
3. Where it is deemed unnecessary to defer disposition for arrears, because any event prescribed by Presidential Decree, such as collection of the re-establishment fund, occurs.

(5) Where Article 6 applies to a resurgent small or medium entrepreneur who has established a new business or obtained designation or certification under Article 6 by not later than December 31, 2026, Article 6 (10) 3 shall not apply to the resurgent small or medium entrepreneur. *<Amended on Dec. 15, 2015; May. 29, 2018; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(6) A resurgent small or medium entrepreneur who wishes to secure tax credits under paragraph (5) shall file an application for tax reductions or exemptions, as prescribed by Presidential Decree.

(7) The method of filing an application for special taxation for delinquent taxes, etc. of resurgent small or medium entrepreneurs, and other necessary matters shall be prescribed by Presidential Decree.

Article 99-7 (Special Taxation for Lease on Deposit Basis without Large Sum of Key Money)

(1) Where a resident leases a house upon satisfying each of the following requirements and pays interest on his or her loan by not later than December 31, 2015, an amount equivalent to 40/100 of the interest paid during the relevant taxable period shall be deducted from the amount of his or her global income in the relevant taxable period; provided, where such amount exceeds three million won per year, the ceiling shall be three million won per year:

1. That the resident shall establish mortgage on his or her own house in leasing the house, and borrow key money for the lease on a deposit basis from a financial company, etc. defined in subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article) establishing the resident as a debtor;

2. That the lessee of the relevant house shall be the head of a household who does not own a house prescribed by Presidential Decree as of the date of the lease contract, and his or her total amount of annual income in the immediately preceding year (including the income of his or her spouse) shall not exceed 60 million won;

3. That the total amount of key money for lease on a deposit basis shall not exceed 200 million won (300 million won in Seoul Metropolitan area) and the key money borrowed under subparagraph 1 shall not exceed 30 million won (50 million won in Seoul Metropolitan area);

4. That the resident shall take a loan within three months from or after the date which comes earlier between the date of move-in specified on the written lease contract (referring to the date of renewal, if the written lease contract is renewed) under Article 3-2 (2) of the Housing Lease Protection Act and the date of move-in registered on the certified copy of his or her resident registration card;

5. That the lessee of the relevant house shall pay the interest on key money borrowed under subparagraph 1 directly to the financial company, etc. to which it should be paid;

6. That the lessee’s address on the written lease contract shall be same as the address on the certified copy of his or her resident registration card.

(2) The key money for lease on a deposit basis under paragraph (1) 1 and amount of interest paid under paragraph (1) 5 shall be exempt from income tax until December 31, 2015.

Article 99-8 (Special Cases concerning Deferral of Tax Collection from Resurgent Small and Medium Entrepreneurs)

(1) Upon receipt of an application filed for deferring tax collection under the National Tax Collection Act or the extension of the designated deadline for payment or the deadline specified in a tax reminder (hereafter in this Article, referred to as "extension of the designated deadline for payment, etc.") (limited to deferring the collection of income tax, corporate tax, value-added tax, or any tax added thereto or the extension of the designated deadline for payment, etc.) by not later than December 31, 2026 by a person who meets all of the following requirements (hereafter in this Article, referred to as "resurgent small or medium entrepreneur") as at the filing date of the application on any of the grounds specified in Article 13 (1) 1 through 4 of the National Tax Collection Act, among residents prescribed by Presidential Decree, such as those who have borrowed the re-establishment fund from the Korea SMEs and Startups Agency established under the Small and Medium Enterprises Promotion Act (hereafter in this Article, referred to as the "Korea SMEs and Startups Agency"), the head of the competent tax office may defer the collection of tax or extend the designated deadline for payment, etc., for a period prescribed by Presidential Decree from the day immediately after the date he/she defers the collection or extends the designated deadline for

payment, etc., and may determine the deadline for payment in installments and the amount of each installment during the period of deferral of tax collection or the period of extension of the designated payment, etc., notwithstanding Article 13 or 14 of the National Tax Collection Act: *<Amended on Dec. 24, 2018; Dec. 31, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

1. A person whose annual average number of tax delinquency within the five years immediately preceding the filing date of the application, and the amount of delinquent taxes fall short of the guidelines prescribed by Presidential Decree;
2. A person whose average revenue (referring to the sales calculated according to the corporate accounting standards) for the three taxable years immediately preceding the filing date of the application, does not exceed the amount prescribed by Presidential Decree;
3. A person who has been subject to neither punishment nor disposition under the Punishment of Tax Offenses Act, nor any case being tried in the court within the five years immediately preceding the filing date of the application;
4. A person against whom no investigation is being conducted into any alleged violation of the Punishment of Tax Offenses Act as at the filing date of the application;
5. A person who fulfills his/her legal liability under tax laws prescribed by Presidential Decree, such as the liability to keep double-entry bookkeeping, as at the filing date of the application.

(2) Where a resurgent small or medium entrepreneur falls under either of the following after the head of the competent tax office determined to defer tax collection or extend the designated deadline for payment, etc. under paragraph (1), the head of the competent tax office may revoke the deferral of collection or the extension of the designated deadline for payment, etc. and may collect national taxes involved in the deferral or designation or delinquent taxes in a lump sum. In such cases, the head of the competent tax office shall notify the resurgent small or medium entrepreneur thereof: *<Amended on Dec. 31, 2018; Jun. 6, 2020; Dec. 29, 2020>*

1. Where any of the events prescribed in the subparagraphs of Article 16 (1) of the National Tax Collection Act occurs;
2. Where it is deemed unnecessary to defer the collection of tax, because of the occurrence of any event prescribed by Presidential Decree, such as collection of the re-establishment fund by the Korea SMEs and Startups Agency.

Article 99-9 (Reduction or Exemption of Corporate Tax for Start-Up Enterprises Incorporated in Crisis Areas)

(1) Where an enterprise starts its business or establishes a new place of business (excluding cases where an existing place of business is relocated, and limited to cases where an enterprise starts its business or establishes a new place of business during the period in which a crisis area is designated or declared) with the type of business set forth in each subparagraph of Article 6 (3) (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") in a crisis area by not later than December 31, 2025,

the enterprise is entitled to a reduction or exemption of corporate tax or income tax pursuant to paragraphs (2) through (8). *<Amended on Dec. 28, 2021; Dec. 31, 2023>*

(2) An enterprise under paragraph (1) is entitled to full exemption from income tax or corporate tax on the income accrued from the business eligible for tax reduction or exemption until the taxable year ending within five years from the commencement date of the taxable year in which income accrues first from the relevant business (or, if no income accrues from the relevant business until the taxable year in which the fifth anniversary of the commencement date of the relevant business falls, referring to the taxable year in which the fifth anniversary falls) and also entitled to reduction of a tax amount equivalent to 50/100 of income tax or corporate tax until the taxable year ending within two years thereafter. *<Amended on Dec. 31, 2019>*

(3) The total amount of income tax or corporate tax reduced or exempted for an enterprise other than a small or medium enterprise for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"):

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees of the place of business that becomes eligible for the application of paragraph (1) in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") x 15 million won (or 20 million won in cases of a full-time youth employee, and a full-time employee of a place of business eligible for tax reduction or exemption which engages in any service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business ")).

(4) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year under paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in paragraph (3) 2 shall be applied.

(5) Where the number of full-time employees of the place of business eligible for tax reduction or exemption each taxable year during the period until the end of the taxable year falling on the second anniversary from the end of the taxable year in which a tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which a tax reduction or exemption was granted, the person granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (3) and (5), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree.

(7) For the purpose of paragraph (1), Article 6 (10) shall apply mutatis mutandis to the scope of starting a business.

(8) If an enterprise granted a tax reduction or exemption of income tax or corporate tax under paragraph (2) falls under any of the following subparagraphs, it shall pay an amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing a tax return on the tax base for the taxable year in which the relevant event occurred. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;
2. Where the enterprise has relocated the place of business granted tax reduction or exemption to any area not designated as a crisis area.

(9) A person who wishes to be granted a tax reduction or exemption under paragraph (2) shall file an application for the tax reduction or exemption, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021>*

(10) A person to whom the ceiling on a service business applies pursuant to paragraph (3) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Amended on Dec. 28, 2021>*

Article 99-10 (Special Taxation concerning Collection of Delinquent Taxes from Small Private Enterprises)

(1) Upon receipt of an application from a resident who meets all of the following requirements, the head of a tax office may apply to the resident special taxation concerning the collection of delinquent taxes under paragraph (2) on the amount for which the extinctive prescription of authority to collect national taxes has not been completed, out of the total amount of global income tax (including special rural development tax added thereto) and value-added tax that can be hardly collected (hereafter in this Article, referred to as "seemingly uncollectible delinquent taxes"): *<Amended on Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. A person whose average gross business income for the immediately preceding three taxable years, including the taxable year in which the resident finally closes the business;
2. A person who meets any of the following requirements after closing all businesses before December 31, 2024:

(a) That the person applied for business registration and commenced its business during the period from January 1, 2020 to December 31, 2027 and has been continuing the business for at least one month as at the filing date of the application under paragraph (3) (hereafter in this Article, referred to as "date of application");

(b) That the person was employed during the period from January 1, 2020 to December 31, 2027, has been in service for at least three months as at the date of application, and meets the requirements prescribed by Presidential Decree;

3. A person who has not been subject to punishment or disposition under the Punishment of Tax Offenses Act nor been involved in any case pending in the court within the five years immediately preceding the date of application;

4. A person who is not volved in a tax offense case subject to ongoing investigation under the Punishment of Tax Offenses Act as at the date of application;

5. A person in whose case the total amount of global income tax (including special rural development tax added thereto) and value-added tax, out of the resident's delinquent taxes as at the date of application, is not more than 50 million won;

6. A person who has not been granted special taxation concerning the extinction of the liability to pay delinquent taxes as a small private enterprise under Article 99-5.

(2) "Special taxation concerning the collection of delinquent taxes" in paragraph (1) means the following: *<Amended on Dec. 28, 2021>*

1. Exemption from the liability to pay penalty tax for late payment under Article 47-4 (1) 1 and 3 of the Framework Act on National Taxes (including penalty tax for late payment on and after the date of application; hereafter in this Article, the same shall apply) on National Taxes on seemingly uncollectible delinquent taxes;

2. Permission to pay seemingly uncollectible taxes in installments.

(3) A person who wishes to be granted special taxation concerning the collection of delinquent taxes under paragraph (1) shall file an application for special taxation concerning the collection of delinquent taxes with the head of the tax office having jurisdiction over the seemingly uncollectible delinquent taxes from January 1, 2020 to December 31, 2028, as prescribed by Presidential Decree. *<Amended on Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

(4) Upon receipt of an application for special taxation concerning the collection of delinquent taxes under paragraph (3), the head of the competent tax office shall determine whether to apply special taxation concerning the collection of delinquent taxes, after deliberation thereon by the Defaulted National Tax Adjustment Committee under Article 106 of the National Tax Collection Act, within two months from the date of application and notify the relevant resident of the results thereof. *<Amended on Dec. 29, 2020>*

(5) The head of the tax office having jurisdiction over seemingly uncollectible delinquent taxes may not execute forced collection on the seemingly uncollectible delinquent taxes to which special taxation concerning the collection of delinquent taxes were granted under paragraph (1) until the deadline for the last installment payment under paragraph (2) 2 from the date of application. *<Amended on Dec. 29, 2020>*

(6) Where the head of the tax office having jurisdiction over delinquent taxes discovers that the relevant resident owns any other asset with which delinquent taxes can be collected as at any of the following reference dates (hereafter in this Article, referred to as "reference dates") after the head of the tax office

determined to apply special taxation concerning the collection of delinquent taxes under paragraph (4), the head of the tax office shall revoke special taxation concerning the collection of delinquent taxes, without delay, and execute forced collection, notwithstanding paragraph (5). *<Amended on Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

1. Where the relevant resident closed all businesses on or before December 31, 2019: July 25, 2019;
2. Where the relevant resident closed all businesses during the period from January 1, 2020 to December 31, 2020: July 25, 2020;
3. Where the relevant resident closed all businesses during the period from January 1, 2021 to December 31, 2021: July 25, 2021;
4. Where the relevant resident closed all businesses during the period from January 1, 2022 to December 31, 2022: July 25, 2022.
5. Where the relevant resident closed all businesses during the period from January 1, 2023 to December 31, 2023: July 25, 2023.
6. Where the relevant resident closed all businesses during the period from January 1, 2024 to December 31, 2024: July 25, 2024.

(7) If a resident granted special taxation concerning the collection of delinquent taxes fails to pay five installments in total or three consecutive installments, the head of the tax office having jurisdiction over delinquent taxes shall revoke special taxation concerning the collection of delinquent taxes and execute forced collection, notwithstanding paragraph (5). *<Amended on Dec. 29, 2020>*

(8) When the head of the tax office having jurisdiction over delinquent taxes revokes special taxation concerning the collection of delinquent taxes under paragraphs (6) and (7), the head of the tax office shall immediately notify the relevant resident of the fact.

(9) "Seemingly uncollectible delinquent taxes" in paragraph (1) means tax arrears that fall under any of the following. In such cases, the value of the assets that the relevant resident acquired after the reference date and that the head of the tax office having jurisdiction over delinquent taxes discovered before the date of application and the amounts that the resident paid from the reference date to the date of application shall be subtracted from the amount of seemingly uncollectible delinquent taxes: *<Amended on Dec. 29, 2020>*

1. Where the resident has no asset as at the reference date and it is impossible to collect delinquent taxes from the resident: The amount of delinquent taxes;
2. Where forced collection ended as at the reference date but the amount distributed to cover delinquent taxes falls short of the amount of delinquent taxes: The balance of delinquent taxes after being covered with the distributed amount;
3. Where the total value of assets as at the reference date is insufficient to provide a fund available for collection after covering forced collection charge and it is impossible to collect delinquent taxes from the resident: The amount of delinquent taxes;
4. Where it is found impractical to collect delinquent taxes for any other reason: The amount of delinquent taxes prescribed by Presidential Decree.

(10) Specific details concerning payment in installments under paragraph (2) 2, including the deadline for payment in installments and the amount of each installment, the method for filing an application for special taxation concerning the collection of delinquent taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 99-11 (Reduction or Exemption of Corporate Tax for Small and Medium Enterprises in Special Disaster Areas Affected by Infectious Disease)

(1) income tax or corporate tax on a small or medium enterprise that has a place of business in a special disaster area declared under Article 60 of the Framework Act on the Management of Disasters and Safety (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption") as affected by the spread of an infectious disease defined in the Infectious Disease Control and Prevention Act as at the date of declaration shall be reduced or exempted by the tax amount calculated by multiplying income tax or corporate tax for income accrued from the business (excluding the business prescribed by Presidential Decree, such as real estate rental and supply business) operated in the place of business eligible for tax reduction or exemption during the taxable year in which June 30, 2020 falls by the rate of reduction or exemption specified in subparagraph 1 (limited to the maximum amount calculated according to subparagraph 2):

1. Rate of reduction or exemption: Either of the following rates:
   (a) A place of business eligible for tax reduction or exemption and operated by a small enterprise prescribed by Presidential Decree (hereafter in this Article, referred to as "small enterprise"): 60/100;
   (b) A place of business eligible for tax reduction or exemption and operated by a small or medium enterprise excluding small enterprises: 30/100;
2. Maximum amount of reduction or exemption: Either of the following amounts:
   (a) Where the number of full-time employees in the relevant taxable year falls below the number of full-time employees in the immediately preceding taxable year: An amount calculated by subtracting five million won per each full-time employee decreased from 200 million won (if the relevant amount is a negative figure, it shall be deemed nil);
   (b) In other cases: 100 million won.

(2) For the purposes of paragraph (1), the scope of full-time employees, the method for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree.
(3) A small or medium enterprise that wishes to be granted a reduction or exemption of income tax or corporate tax under paragraph (1) shall file an application therefor as prescribed by Presidential Decree.

Article 99-12 (Tax Credits for Prepayment)

(1) If there is an amount for which a national made a prepayment to a micro enterprise defined in Article 2 of the Act on the Protection of and Support for Micro Enterprises in compliance with all of the following requirements (hereafter in this Article, referred to as "prepayment") during the period from April 1 to July

31, 2020, an amount calculated according to paragraph (2) shall be deducted from income tax (limited to income tax for business income) or corporate tax for the taxable year ending on December 31, 2020:

1. That such amount shall be paid within three months from the date of supply of goods or services related to business (excluding supply from the types of business prescribed by Presidential Decree) for expenses disbursed to receive the supply of such goods or services by December 31, 2020;

2. The amount of each payment shall be at least one million won;

3. The amount shall be paid in cash or by a payment means prescribed by Presidential Decree, such as a credit card defined in Article 2 of the Specialized Credit Finance Business Act.

(2) The amount to be deducted under paragraph (1) shall be calculated by the following formula:

| 공제할 금액 = 선결제 금액(결제한 날부터 3개월이 되기 전에 공급 |
| 받은 금액과 2020년 12월 31일까지 공급받지 않은 금액은 제외하되, |
| 소상공인의 폐업 등 대통령령으로 정하는 사유로 공급받지 못한 금 |
| 액은 포함한다) × 100분의 1 |

(3) A person who wishes to be granted a deduction of income tax or corporate tax under paragraph (1) shall file an application for the deduction with documents, etc. proving details of prepayments and the supply of goods or services, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) through (3), the method for calculating tax credits in detail, the procedure for filing an application, and other necessary matters shall be prescribed by Presidential Decree.

Article 99-13 (Special taxation on compensation for losses of small business owners due to measures to prevent infectious diseases)

(1) Compensation for losses received by a national under Article 12-2 of the Act on the Protection of and Support for Micro Enterprises shall not be included in gross income when calculating the amount of income for the relevant taxable year.

(2) In applying paragraph (1), an application for non-inclusion in gross income, submission of a statement of non-inclusion of compensation for loss in gross income, and other necessary matters shall be prescribed by Presidential Decree.

Article 99-14 (Special Taxation of Capital Gains Tax on Payment of Pension Accounts)

(1) A resident who satisfies all of the following requirements transfers real estate prescribed by Presidential Decree by December 31, 2027 in consideration of the holding period, etc., and pays all or part of the transfer value to a pension account under Article 20-3 (1) 2 of the Income Tax Act within 6 months from the date of transfer, an amount equivalent to 10/100 of the amount paid in the pension account shall be deducted from the calculated capital gains tax on the relevant real estate. In such cases, the amount of tax deducted shall not exceed the calculated tax amount:

1. The recipient of a basic pension under subparagraph 3 of Article 2 of the Basic Pension Act as at the time of transfer of real estate;

2. It shall be a member of a household with one house or no house at the time of transfer of real estate;

2. It shall be a member of a household with one house or no house at the time of transfer of real estate.

(3) In applying paragraph (1), procedures for applying for mutual aid, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 100 (Special Taxation for Assistance in Stability of Employees' Housing Situation)

Where an employer as referred to in subparagraph 10 of Article 2 of the Korea Housing Finance Corporation Act (hereafter in this Article referred to as "employer") assists his or her employees who do not have their own houses, no later than December 31, 2009, with the funds required for the acquisition or rent of houses of which sizes are not larger than those of the national housing units provided for in the Housing Act, subsidy prescribed by Presidential Decree from among such subsidy shall be included in the deductible expenses, and no income tax shall be imposed on such assisted funds that the employees with no houses of their own receive from their employer.

SECTION 10-2 Special Taxation for Heightening Willingness to Work

Article 100-2 (Earned Income Tax Credits)

In order to heighten low-income earners' willingness to work and supplement their income, labor encouragement subsidies shall be determined and refunded, applying the earned income tax credit system provided for in Articles 100-3 through 100-13.

Article 100-3 (Eligibility to Apply for Labor Encouragement Subsidies)

(1) A person prescribed by Presidential Decree, among residents with business income referred to in Article 19 of the Income Tax Act, earned income referred to in Article 20 of that Act, or religious person's income referred to in Article 21 (1) 26 of that Act during a taxable period for income tax, is eligible to apply for a labor encouragement subsidy for the taxable period for income tax, if the person fully meets the following requirements: *<Amended on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016; Apr. 18, 2017; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

1. Deleted. *<Dec. 24, 2018>*

2. The total annual income prescribed by Presidential Decree (hereafter in Section 10-4, referred to as"total annual income") of a resident (including his/her spouse; hereafter in this Article, the same shall apply) shall be less than the following base amount of total income (hereafter in this Section, referred to

as"base amount of total income"), determined based on the composition of members of one household (hereafter in this Section and Section 10-4, referred to as"household") prescribed by Presidential Decree (hereafter in this Section and Section 10-4, referred to as"household members"), including the resident:

Composition of household members	Base amount of total income
Single-person household	22 million won
Single-income household	32 million won
Dual-income household	44 million won

3. Deleted. <*Dec. 20, 2016*>

4. The total amount of property prescribed by Presidential Decree, such as land, buildings, motor vehicles, and savings, which are held by all household members (hereafter in Section 10-4, referred to as "total amount of property held by all household members") shall be less than 240 million won.

(2) Notwithstanding paragraph (1), none of the following residents is eligible to apply for a labor encouragement subsidy: <*Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018*>

1. Deleted. <*Jan. 1, 2014*>

2. A non-Korean national as at the end of the relevant taxable period for income tax; provided, this shall not apply to any of the following persons:

(a) A person married to a Korean national;

(b) A person who has any dependent child provided for in Article 100-4 (1) (hereafter in this Section and Section 10-4, referred to as "dependent child) who is a Korean national;

3. A dependent child of any other resident during the relevant taxable period for income tax.

(3) Whether a person is the spouse of a resident and whether a person is the spouse of a lineal ascendant or descendant shall be determined according to the family relations register under Article 9 (1) of the Act on Registration of Family Relations as at the end of the relevant taxable year for income tax; provided, the determination on a spouse who died before the end of the relevant taxable year for income tax shall be based on the family relations register under Article 9 (1) of the Act on Registration of Family Relations as at the date immediately preceding the end of the relevant taxable year for income tax. <*Added on Jan. 1, 2013; Dec. 24, 2018; Dec. 31, 2019; Dec. 31, 2022*>

(4) Deleted. <*Jan. 1, 2014*>

(5) The meanings of "single-income household", "single-income household" and "single-income household" in this Section and Section 10-4 shall be as follows: <*Newly Inserted on Jan. 1, 2014; Dec. 20, 2016; Dec. 19, 2017; Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024*>

1. Single-person household: A household with no spouse, dependent child, or lineal ascendant under subparagraph 2 (a);

2. Single-income household: Any of the following households:

(a) A household that includes a spouse with the gross pay, etc. under subparagraph 3 hovering less than three million won;

(b) A household with no spouse but with a dependent child or a household with lineal ascendants who meet all of the following requirements (including lineal ascendants of a deceased spouses, and including also the spouse of a lineal ascendant if the lineal ascendant is remarried; hereafter in this item, the same shall apply);

3. Dual-income household: A household composed of the resident and his/her spouse, in whose case the aggregate of the following amounts (excluding non-taxable income and business income, earned income, and religious person's income prescribed by Presidential Decree; hereafter in this Section and Section 10-4, referred to as"gross salary, etc.") of each of them during the taxable period for income tax is not less than three million won:

(a) The amount of income prescribed by Presidential Decree, of the business incomes listed under Article 19 (1) of the Income Tax Act;

(b) The amount of earned incomes listed under Article 20 (1) of the Income Tax Act.

(c) The amount of a religious person's income under Article 21 (1) 26 of the Income Tax Act.

(2) The lineal ascendants shall be family members residing together according to the resident registration record as at the end of the relevant taxable year for income tax and shall make a living together actually in the resident’s domicile or abode;

(7) The base date for holding property referred to in paragraph (1) 4; methods for appraising such property; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 20, 2016>*

Article 100-4 (Requirements for Dependent Children and Timing for Determination)

(1) Dependent children mean the persons who meet all the following requirements: *<Amended on Dec. 31, 2011; Jan. 1, 2014>*

1. That they shall be a resident’s children or adopted children prescribed by Presidential Decree (including the resident’s spouse; hereafter the same shall apply in this subparagraph) living together; provided, in circumstances prescribed by Presidential Decree in which such children do not have parents or their parents are unable to support such children, dependent children shall include the resident's grandsons, granddaughters or siblings;

2. That they shall be under the age of 18; provided, persons with disabilities prescribed by Presidential Decree shall not be subject to such age limit;

3. That their total amount of annual income shall not exceed one million won;

4. That they shall be the family members who live together under the resident registration record and physically live together with the resident at his or her domicile or temporary domicile; provided, this shall not apply to his or her lineal descendants.

(2) Even though a resident or his or her dependent child who is not his or her lineal descendant leaves temporarily his or her original domicile or temporary domicile, to enter school or receive any medical treatment for a disease, or under any circumstances of service or business, he or she shall be deemed a person living together as referred to in paragraph (1) 4. *<Amended on Dec. 31, 2011>*

(3) Whether a person is eligible for a dependent child shall be determined based on the situation as of the end of the taxable period of the relevant income tax in the relevant year; provided, if a person is dead, or whose disability is treated before the end of the taxable period of the relevant income tax, the determination as to whether the person is a dependent child shall be made based on the situation as of the day preceding the day of his or her death or treatment. *<Amended on Dec. 31, 2011; Jan. 1, 2013>*

(4) Where a dependent child becomes 18 years of age during the taxable period of the relevant income tax, he or she shall be deemed under the age of 18, notwithstanding the main body of paragraph (3). *<Amended on Jan. 1, 2013>*

(5) Where a dependent child of a resident falls under a dependent child of another resident at the same time, he or she shall be deemed a dependent child of either of the residents, as prescribed by Presidential Decree.

(6) Notwithstanding paragraphs (1) through (5), if a semiannual application is filed, whether the application meets the requirements shall be determined based on the situation as at the end of the immediately preceding taxable year of income tax. *<Added on Dec. 24, 2018; Dec. 31, 2019>*

Article 100-5 (Calculation of Labor Encouragement Subsidies)

(1) Labor encouragement subsidies shall be calculated as follows, based on gross salary, etc.: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

1. In cases of a single-person household: An amount calculated as follows:

Item	Amount of Gross Pay, etc.	Labor Encouragement Subsidies
(a)	Less than 4 million won	Amount of gross pay, etc. x 165/400
(b)	400million own or more Less than 9 million won	1.65 million won
(c)	At least 9 million won,	1,650,000 won - (Amount of gross pay, etc.

but less than 22 million won - 9 million won) x 165/1300

2. In cases of a single-income household: An amount calculated as follows:

Item Amount of Gross Pay, etc. Labor Encouragement Subsidies

(a) Less than 7 million won Amount of gross pay, etc. x 285/700

(b) At least 7 million won, 2,850,000 won
but less than 14 million won

(c) At least 14 million won, 2,850,000 won - (Amount of gross pay, etc.
but less than 32 million won - 14 million won) x 285/1800

3. In cases of a dual-income household: An amount calculated as follows: ItemAmount of Gross Pay etc.Labor Encouragement Subsidies(a)Less than 8 million wonAmount of gross pay, etc. x 330/800(b)At least 8 million won, but less than 17 million won3.3 million won(c)At least 17 million won, but less than 44 million won3.3 million won - (Amount of gross pay, etc. - 17 million won) x 330/2700

Item Amount of Gross Pay, etc. Labor Encouragement Subsidies

(a) Less than 8 million won Amount of gross pay, etc. x 330/800

(b) At least 8 million won, 3,300,000 won
but less than 17 million won

(c) At least 17 million won, 3,300,000 won - (Amount of gross pay, etc.
| | **4 천 400 만원 미만** | **700 분의 330** |

(2) Notwithstanding paragraph (1), the labor incentives applied for semi-annual application shall be the amount classified as follows: *<Amended on Dec. 31, 2024>*

1. Labor incentives for the portion of income accrued from January 1 to June 30 (hereafter referred to as "income portion of the first half of the year" in this Section): an amount equivalent to 35/100 of the amount calculated according to the classification under the subparagraphs of paragraph (1) by deeming the amount calculated according to the following formula as the total amount of gross salary, etc. for the relevant period:

A/B x C A: Earned income stated on the statements of payment under Article 164 of the Income Tax Act and on the simplified statements of payment under 164-3 of that Act issued for the first half of the year B: Number of working months prescribed by Presidential Decree C: Number of working months prescribed by Presidential Decree + 6

2. Labor incentives for the portion of income accrued during the period from July 1 to December 31 (hereafter referred to as "income portion for the second half" in this section): The amount calculated by subtracting the labor incentive for the portion of income for the first half-year income already refunded from the amount calculated according to the classification under each subparagraph of paragraph (1).

(3) For the purposes of paragraphs (1) and (2), if the spouse of a resident (excluding a non-resident; hereafter in this paragraph, the same shall apply) has business income, earned income, or religious person's income, the amount of gross salary, etc. shall be determined by adding gross salary, etc. of the resident's spouse to gross salary, etc. of the person who applies for labor encouragement subsidies pursuant to Article 100-6, among the resident and his/her spouse. *<Amended on Jan. 1, 2014; Dec. 19, 2017; Dec. 24, 2018; Dec. 29, 2020>*

(4) Notwithstanding paragraphs (1) and (2), where the total amount of property referred to in Article 100-3 (1) 4 is not less than 170 million won, the labor encouragement subsidy shall be the equivalent to 50/100 of the amount calculated pursuant to paragraphs (1) and (2). *<Added on Jan. 1, 2014; Dec. 24, 2018; Dec. 31, 2019; Dec. 31, 2022>*

(5) Notwithstanding paragraphs (1), (2), and (4), labor encouragement subsidies shall be calculated according to the labor encouragement subsidy calculation schedule prescribed by Presidential Decree by the range of the amount of gross pay, etc. *<Amended on Jan. 1, 2014; Dec. 24, 2018; Dec. 31, 2019>*

Article 100-6 (Filing Applications for Labor Encouragement Subsidies)

(1) A resident who wishes to be granted a labor encouragement subsidy shall file an application for a labor encouragement subsidy stating the following information, with the head of the tax office having jurisdiction over the place of tax payment, along with evidentiary documents prescribed by Presidential Decree as necessary for verifying his/her eligibility for the labor encouragement subsidy, during the filing period of the final return on the tax base of global income under Article 70 or 74 of the Income Tax Act (hereafter in this Article, referred to as "filing period "): *<Amended on Jan. 1, 2014; Dec. 24, 2018; Dec. 29, 2020>*

1. His/her eligibility for application;

2. Amount of the labor encouragement subsidy calculated pursuant to Article 100-5 (1) and (3) through (5).

(2) For the purposes of paragraph (1), (7) or (8), if a resident dies, the resident's heir may file an application for a labor encouragement subsidy payable to the resident. In such cases, the application shall be deemed filed by the resident. *<Amended on Dec. 23, 2014; Dec. 24, 2018>*

(3) if a resident who has any income in addition to earned income for the relevant taxable period of income tax files an application containing the details prescribed in paragraph (7), the application shall be deemed an application for a labor encouragement subsidy under paragraph (1). *<Added on Dec. 28, 2021>*

(4) For the purposes of paragraph (1), (7) or (8), if at least two residents in one household file applications for a labor encouragement subsidy respectively, the applications shall be deemed filed by one resident prescribed by Presidential Decree. *<Added on Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 24, 2018>*

(5) Paragraph (1) shall apply only where a resident files both a final return on the tax base of global income (including a final return on the tax base of global income filed by the resident's spouse) and an application under paragraph (1) or (8) during the filing period of the final return on the tax base of global income pursuant to Article 70 or 74 of the Income Tax Act; provided, if a person who fails to file a final return on the tax base of global income during the filing period of the final return on the tax base of global income files the final return on the tax base of global income by the date of determination of labor encouragement subsidy under Article 100-7 (including the final return on the tax base of global income filed by the person’s spouse) after the deadline pursuant to Article 45-3 of the Framework Act on National Taxes, the final return on the tax base of global income shall be deemed filed during the filing period of the final return on the tax base of global income under Article 70 or 74 of the Income Tax Act. *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 31, 2019; Dec. 29, 2020>*

(6) For the purposes of this Section, a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act shall be deemed filed in any of the following circumstances: *<Amended on Dec. 23, 2014>*

1. Where a daily employed worker defined under Article 14 (3) 2 of the Income Tax Act, files an application for a labor encouragement subsidy for his or her wages under paragraph (1) or (8);
2. Where a person prescribed by Presidential, based on the amount of global income, etc., among those who must file a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act, files an application for a labor encouragement subsidy for his or her wages under paragraph (1) or (8);
3. Where a person exempt from filing a final return on the tax base of global income under Article 73 of the Income Tax Act files an application for a labor encouragement subsidy for his or her wages under paragraph (1) or (8).

(7) Notwithstanding paragraph (1), a resident who has only the earned income prescribed by Presidential Decree during a half-year term is entitled to file an application for a labor encouragement subsidy stating the following information along with data prescribed by Presidential Decree, which are necessary to verify his or her eligibility for the labor encouragement subsidy with the head of the tax office having jurisdiction over the place of tax payment, during the period from September 1 to September 15 for his or her income accrued in the first half year, and from March 1 to March 15 of the following year for his or her income accrued in the second half year: *<Added on Dec. 24, 2018; Dec. 31, 2019>*

1. His/her eligibility for application;

2. Amount of the labor encouragement subsidy calculated pursuant to Article 100-5 (2) through (5).

(8) A resident who fails to apply for a labor encouragement subsidy during the filing period set under paragraph (1) may file an application for the labor encouragement subsidy within six months from the day immediately following the end of such filing period. *<Added on Dec. 1, 2014; Dec. 23, 2014; Dec. 31, 2019>*

(9) An application filed pursuant to paragraph (7) for income in the first half year shall be deemed an application filed pursuant to that paragraph for income accrued in the second half year in accordance with the intent of the relevant applicant. *<Added on Dec. 24, 2018; Dec. 31, 2019>*

(10) The head of the tax office having jurisdiction over the place of tax payment may take necessary measures, such as giving information about how to file an application for labor encouragement subsidies using the tax data, such as the statement of payment submitted under Article 164 of the Income Tax Act. *<Added on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014>*

(11) The head of the tax office having jurisdiction over the place of tax payment or the tax official with authority delegated by the head of the tax office, etc. may ex officio file an application for a resident who wishes to be granted a labor encouragement subsidy, if the resident consents thereto, in order to prevent persons eligible for the refund of labor encouragement subsidies from being left out. *<Added on Dec. 29, 2020>*

(12) Information about how to file an application for labor encouragement subsidies; filing procedures; the application form; and the submission of materials for verifying the eligibility to file an application; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 29, 2020>*

Article 100-7 (Determination of Labor Encouragement Subsidies)

(1) Upon receipt of an application falling under any of the following subparagraphs, the head of the tax office having jurisdiction over the place of tax payment shall determine the amount of the labor encouragement subsidy, as prescribed by Presidential Decree, within three months after the deadline prescribed in the relevant subparagraph; provided, the head of such tax office may extend the period for determining the labor encouragement subsidy by up to two months if it is impracticable to determine the amount of such labor encouragement subsidy within three months due to any cause prescribed by Presidential Decree: *<Amended on Dec. 24, 2018; Dec. 31, 2019>*

1. Where an application is filed pursuant to Article 100-6 (1) or (8): The deadline for filing a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act (or the end of the month in which the application is filed in cases of an application under Article 100-6 (8));

2. Where a semiannual application is filed: The deadline for filing an application for a semiannual term pursuant to Article 100-6 (7).

(2) Upon receipt of an application under Article 100-6 (8), the head of the tax office having jurisdiction over the place of tax payment shall determine the equivalent to 95/100 of the amount determined

according to Article 100-5 as the labor encouragement subsidy. *<Amended on Dec. 31, 2019; Dec. 31, 2023>*

(3) The head of the tax office having jurisdiction over the place of tax payment shall determine that a labor encouragement subsidy is nil, if the amount determined according to Article 100-5 (including cases where the amount is reduced according to paragraph (2)) is less than 15,000 won, 100,000 won, if the amount calculated according to Article 100-5 (1) 1 (a) or 2 (a) or 3 (a) (including cases where the amount is reduced according to paragraph (4) of that Article or paragraph (2) of this Article) is not less than 15,000 won but less than 100,000 won, or 30,000 won, if the amount calculated according to Article 100-5 (1) 1 (c), 2 (c), or 3 (c) is not less than 15,000 won but less than 30,000 won (including cases where the amount is reduced according to paragraph (4) of that Article or paragraph (2) of this Article) respectively. *<Amended on Dec. 31, 2019>*

(4) A labor encouragement subsidy determined under paragraphs (1) through (3) shall be deemed the amount of income tax already paid for the relevant taxable year for income tax by a person who receives the refund of the labor encouragement subsidy under Article 100-8. *<Amended on Dec. 31, 2019>*

Article 100-8 (Refund and Settling Balance of Labor Encouragement Subsidies)

(1) The head of the tax office having jurisdiction over the place of tax payment shall construe the labor encouragement subsidy determined under Article 100-7 as the refundable tax amount and refund it by applying mutatis mutandis Article 51 of the Framework Act on National Taxes. *<Amended on Jan. 1, 2014>*

(2) Article 52 of the Framework Act on National Taxes shall not apply to the tax amount refundable under paragraphs (1) and (8). *<Amended on Dec. 24, 2018; Dec. 28, 2021>*

(3) The head of the tax office having jurisdiction over the place of tax payment shall, upon determination of the labor encouragement subsidy, notify the relevant applicant of such determination within 30 days (or 15 days in cases of a labor encouragement subsidy under Article 100-7 (1) 2) after making such determination, and pay the refundable tax amount, if any, within said period, as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 29, 2020>*

(4) For the application mutatis mutandis of Article 51 of the Framework Act on National Taxes under paragraph (1), if a resident entitled to a labor encouragement subsidy has any delinquent national tax (referring to the amount of delinquent tax defined under Article 2 (1) 4 of the National Tax Collection Act; the same shall apply hereafter in this paragraph), up to 30/100 of the labor encouragement subsidy shall be appropriated for the delinquent national tax. In such cases, a national tax levied in addition to another national tax shall follow the principal tax. *<Added on Aug. 13, 2013; Dec. 15, 2015; Dec. 29, 2020>*

(5) Notwithstanding paragraphs (1) and (3), in any of the following cases, the head of the tax office having jurisdiction over the place of tax payment shall refund or recover an amount at the time of settlement under paragraph (8) (referring to refund or recovery; hereafter in this Section, the same shall apply) without refunding a labor encouragement subsidy refundable upon a semiannual application: *<Amended on Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2024>*

1. Where the labor encouragement subsidy refundable upon a semiannual application for income for the first half of the year is less than the amount prescribed by Presidential Decree;

2. Cases prescribed by Presidential Decree as where recovering an amount is expected at the time of refunding the labor encouragement subsidy for the first half of the year.

(6) No labor encouragement subsidy refunded not in excess of the amount prescribed by Presidential Decree under paragraphs (1) through (4) shall be seized. *<Added on Dec. 24, 2018>*

(7) The methods of calculating the refundable tax amount, and the procedures of refund, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Aug. 13, 2013; Dec. 24, 2018>*

(8) Upon receipt of a semiannual application from a resident, the head of the tax office having jurisdiction over the place of tax payment shall compare the amount of the labor encouragement subsidy already refunded to the resident until June 30 of the year following the relevant taxable year with the amount of the labor encouragement subsidy to be refunded under paragraph (1) of this Article according to the application filed pursuant to Article 100-6 (1) and shall refund or recover the difference between those amounts; provided, in cases where an application under paragraph (1) is deemed to have been filed under Article 100-6 (3), the subsidies shall be settled by September 30 of the year following the relevant taxable year. *<Added on Dec. 24, 2018; Dec. 31, 2019; Dec. 28, 2021>*

Article 100-9 (Restriction on Refund of Labor Encouragement Subsidies)

(1) Where an applicant (including the heir referred to in Article 100-6 (2); hereafter the same shall apply in this paragraph) has filed an application stating falsely, intentionally or by gross negligence, any of the following matters relating to the requirements for an application for a labor encouragement subsidy, the head of the tax office having jurisdiction over the place of tax payment shall not refund the labor encouragement subsidy to the applicant for the two years (or for the five years, if he or she has filed a false application by fraudulent or other illegal means) from the year in which such fact is ascertained (or from the following year, if the labor encouragement subsidy is refunded under Article 100-8 in the year in which such fact is ascertained): *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 24, 2018>*

1. Matters concerning eligibility for application for labor encouragement subsidies prescribed under Article 100-3 (1) and (2);

2. Amount of gross pay, etc. for calculating labor encouragement subsidies under Article 100-5 (1) through (3).

(2) Paragraph (1) shall also apply to the person who has solicited the applicant to file an application falsely stating the matters relating to the requirements for application for labor encouragement subsidies pursuant to paragraph (1).

(3) The head of the tax office having jurisdiction over the place of tax payment shall notify the person subject to restriction on the refund of labor encouragement subsidies pursuant to paragraph (1) or (2) of the grounds and period for which when the refund of labor encouragement subsidies is restricted, as prescribed by Presidential Decree.

Article 100-10 (Correction, etc. of Labor Encouragement Subsidies)

(1) The head of the tax office having jurisdiction over the place of tax payment shall correct a labor encouragement subsidy if he or she finds any omission or error in the labor encouragement subsidy determined under Article 100-7 (1).

(2) Article 47-3 of the Framework Act on National Taxes shall not apply where a labor encouragement subsidy requested by an applicant exceeds a labor encouragement subsidy determined under Article 100-7. *<Amended on Dec. 31, 2011>*

(3) Where a labor encouragement subsidy determined under Article 100-7 is reduced by a correction made under paragraph (1) and the amount of tax refunded to an applicant exceeds the refundable amount of tax consequently, the amount calculated by the following formula shall be levied as penalty tax under Article 47-4 (1) of the Framework Act on National Taxes; provided, no penalty tax shall be levied in any case prescribed by Presidential Decree if the applicant has no fault: *<Amended on Jan. 1, 2014; Dec. 20, 2016; Dec. 29, 2020>*

Amount of tax excessively refunded x Period from the day immediately after the date of refund to the date of payment notice x The interest rate prescribed by Presidential Decree, based upon the interest rates, etc. that the financial institutions apply to overdue loans.

Article 100-11 (Verification and Inspection of Applicants, etc.)

A public official who determines labor encouragement subsidies and performs related duties, may order any of the following persons to verify the eligibility to apply for the labor encouragement subsidy and matters necessary for determining the labor encouragement subsidy; to inspect the books of account, documents, and other relevant articles; or to submit such books of account, documents, and other relevant articles: *<Amended on Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016>*

1. An applicant (including the applicant's heir referred to in Article 100-6 (2)) and his or her household members;
2. A person liable for withholding under Article 127 of the Income Tax Act;
3. A person liable for submitting a statement of payment under Article 164 of the Income Tax Act;
4. A person who has transacted (limited to a transaction that generates business income under Article 19 of the Income Tax Act) with any of the persons referred to in subparagraph 1.

Article 100-12 (Inquiries into Financial Transaction Information)

(1) Where the head of the tax office having jurisdiction over the place of tax payment needs to verify the details of the financial transactions conducted by an applicant and his or her household members to determine or correct a labor encouragement subsidy, the Commissioner of the National Tax Service (including the commissioners of the regional tax offices; hereafter in this Article, the same shall apply), may request data about the details of financial transactions from the head of a finance company, etc. in

writing or through the information and communications networks defined in subparagraph 18 of Article 2 of the Framework Act on National Taxes (hereafter in this Article, referred to as "information and communications networks"), as prescribed by Presidential Decree, notwithstanding Article 4 of the Act on Real Name Financial Transactions and Confidentiality, and the head of the finance company, etc. shall transmit such data through the information and communications networks, or by means of the electronic record media, including diskettes and magnetic tapes. *<Amended on Jul. 14, 2011; Jan. 1, 2014; Dec. 20, 2016>*

(2) The Commissioner of the National Tax Service shall neither use data submitted pursuant to paragraph (1) for any purpose other than the purpose provided for in paragraph (1), nor provide them to any other agency.

Article 100-13 (Request for Data)

The Commissioner of the National Tax Service may request a State agency, a local government or any other organization or institution prescribed by Presidential Decree to provide necessary data specified by Presidential Decree, including examining eligibility for an application for labor encouragement subsidies under Article 100-3 (1) and (2) and family relation certificates and information on taxation of local taxes, etc. to guide an application for labor encouragement subsidies under Article 100-6 (10). In such cases, the entity so requested shall provide the Commissioner of the National Tax Service with such data, without just grounds. *<Amended on Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 19, 2017>*

SECTION 10-3 Special Taxation for Stabilization of National Living

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

Article 100-14 (Definitions)

The definitions of the terms used in this Section shall be as follows: *<Amended on Jun. 9, 2020>*

1. The term "partnership firm" means an organization established by two or more persons who invest money, an asset, labor, or any other resource to run it as a joint business and share the income or loss incurred while running the joint business;
2. The term "partner" means to a resident, non-resident, domestic corporation, or foreign corporation who has invested in a partnership firm;
3. The term "allocation" means an action to imputing the income, deficit, or similar of a partnership firm to the partners' income, deficit, or similar, regardless of whether or not any asset is actually distributed, at the end of each taxable year;
4. The term "income or deficit of a partnership firm by partner groups" means the income or deficit for the pertinent taxable year as calculated in accordance with the Income Tax Act or the Corporate Tax Act by classifying partners into four groups of residents, non-residents, domestic corporations, and foreign corporations (hereinafter referred to as "partner groups") and treating each group of a partnership firm as a single resident, non-resident, domestic corporation, or foreign corporation;

5. The term "allocation rate of income or loss for each partner group" means the rate calculated by summing up the rates of income or loss allocated to all partners who belong to a partner group;

6. The term "amount of income or deficit allocable to a partner group" means the amount calculated by multiplying the amount of income or deficit of a partnership firm for partner groups by the allocation rate of income or loss for each partner group;

7. The term "value of equity shares" means a book value of equity shares in a partnership firm held by partners for the purpose of taxation, which shall serve as the basis in computation of taxable income at the time of transferring the equity shares in the partnership firm or distributing assets of the partnership firm;

8. The term "distribution" means an act of actually conveying an asset of a partnership firm to its partners.

Article 100-15 (Scope of Application)

(1) A partnership firm and its partners are eligible for special taxation provided for in this Section (hereafter referred to as "special taxation for partnership firms" in this Section), if the partnership firm is any of the following organizations and files an application pursuant to Article 100-17; provided, a partner of a partnership firm is ineligible, as a partnership firm, for special taxation for partnership firms, if the partner firm itself has been accorded such special taxation for partnership firms, while the place of business of a foreign organization specified in subparagraph 5 in the Republic of Korea shall be deemed a partner firm and is eligible for special taxation for partnership firms only for the income vested in the relevant place of business in the Republic of Korea: *<Amended on Dec. 31, 2011; Jan. 1, 2013; May 28, 2013; Jul. 24, 2015; Dec. 24, 2018; Dec. 28, 2021>*

1. An association established under the Civil Act;

2. A partnership firm and an undisclosed association established under the Commercial Act (excluding a collective investment scheme in the form of an association and a collective investment scheme in the form of an undisclosed investment association defined in Article 9 (18) 5 and 6 of the Financial Investment Services and Capital Markets Act);

3. An unlimited partnership company or a limited partnership company incorporated under the Commercial Act (excluding companies that are not institutional private equity funds referred to in Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act, among investment limited partnership companies referred to in Article 9 (18) 4 of that Act);

4. An organization prescribed by Presidential Decree, similar to those referred to in subparagraphs 1 through 3 or engaging mainly in providing personal services;

5. A foreign organization similar to those referred to in subparagraphs 1 through 4 and meeting the criteria prescribed by Presidential Decree, among foreign corporations defined under subparagraph 3 of Article 2 of the Corporate Tax Act or non-corporate organizations deemed non-residents under Article 2 (3) of the Income Tax Act.

(2) Notwithstanding the proviso of paragraph (1), if a partner investing in a partnership enterprise subject to special taxation on partnership enterprises is a private collective investment scheme for exclusive use of institutions under Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act and is an investment partnership that meets the requirements prescribed by the Presidential Decree, the investment partnership may be subject to the special taxation as a partnership enterprise in the relationship with the partners investing in it. In this case, the partner of the relevant investment partnership cannot be subject to the special taxation on partnership enterprises in the capacity of a partnership. *<Added on Dec. 31, 2023>*

(3) In the case of paragraph (2), a person who is a partner and at the same time subject to special taxation on partnership enterprises by the qualification of partnership under the former part of paragraph (2) shall be construed as a "higher-level partnership enterprise" in the relationship with the partnership enterprises (referring to a partnership enterprises subject to the special taxation on the partnership enterprises) in which it has invested as a partner, and the partnership enterprise that has received the investment shall be construed as "lower-level partnership enterprise" in the relationship with the higher-level partnership enterprise, and hereafter the same shall apply in this Section. *<Added on Dec. 31, 2023>*

(4) This Section shall apply in preference to the provisions of respective tax-related Acts pertaining to the partnership firms eligible for special taxation for partnership firms and their partners. *<Amended on Dec. 31, 2023>*

Article 100-16 (Duties of Partnership Firms and Partners to Pay Taxes)

(1) Notwithstanding Article 2 (1) of the Income Tax Act and Article 3 (1) of the Corporate Tax Act, partnership firms shall be exempted from the income tax or corporate tax on the incomes referred to in Article 3 of the Income Tax Act and the subparagraphs of Article 4 (1) of the Corporate Tax Act. *<Amended on Dec. 24, 2018>*

(2) Partners (except a partner in a higher-level partnership) shall be liable to pay the income tax or corporate tax on the partnership firm's income as allocated under Article 100-18. *<Amended on Dec. 31, 2023>*

(3) Where a domestic corporation benefits from the special provisions on taxation for partnership firms, the domestic corporation (hereinafter referred to as "corporation converted into a partnership firm") shall be liable to pay the amount calculated by applying the tax rate under Article 55 (1) of the Corporate Tax Act to the tax base calculated, as prescribed by Presidential Decree, based on the amount of the liquidation income by dissolution under Article 79 (1) of the Corporate Tax Act as corporate tax (hereinafter referred to as "corporate tax on quasi-liquidation income").

(4) A corporation converted into a partnership firm shall file a return on his or her tax base and tax amount of the corporate tax on quasi-liquidation income to the head of a tax office having jurisdiction over the place of tax payment by no later than three months after the ending date of the business year immediately preceding the first business year in which it benefitted from the special provisions on taxation for partnership firms.

(5) A corporation converted into a partnership firm shall pay the tax amount of the corporate tax on quasi-liquidation income in at least the equal amount for three years from the filing deadline under paragraph (4).

Article 100-17 (Application for Eligibility for or Waiver of Special Taxation for Partnership Firms)

(1) A firm shall, if it desires to become eligible for the special taxation for partnership firms, file an application with the head of the competent tax office prescribed by Presidential Decree.

(2) A partnership firm eligible for the special taxation for partnership firms may waive such special taxation prescribed by Presidential Decree; provided, it shall not waive the special taxation for partnership firms during the period of time between the taxable year in which it benefits from the special taxation initially and the taxable year that ends within four years from the first day of the taxable year immediately following the aforementioned first taxable year.

Article 100-18 (Calculation and Allocation of Income of Partnership Firms)

(1) The income or deficit to allocate to each partner group shall be allocated to each partner of the partner group in proportion to the allocation rate of profit or loss among the partners at the end of each taxable year; provided, in cases of a partner prescribed by Presidential Decree who has invested in the partnership firm but has not participated in its management (hereafter referred to as "passive partner" in this Section), no deficit may be allocated to such partner, however, an amount computed by deducting the deficit that has not been allocated from the amount of allocable income, as prescribed by Presidential Decree, when the amount of income is allocated to such passive partner in each taxable year that end within 15 years from the end of the relevant taxable year. *<Amended on Dec. 28, 2021>*

(2) The deficit allocated to each partner under paragraph (1) may not exceed the value of equity shares held by each partner as at the end of the pertinent taxable year of the partnership firm. In such cases, the deficit exceeding the value of equity shares held by a partner shall be carried over to, and allocated over, the taxable years that end within 15 years after the first day of the taxable year immediately following the pertinent taxable year, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021>*

(3) In applying paragraphs (1) and (2), the amount of income or loss subject to distribution by group of partners of the upper-level partnership with respect to the income or loss of the lower-level partnership shall be the amount calculated according to the following formula. *<Added on Dec. 31, 2023>*

$A \times B \times C$

A: Income amount and loss by partner group of lower-level partnership company

B: Profit and loss distribution ratio of the upper-level partnership company to the lower-level partnership company

C: Profit and loss distribution ratio by partner group of upper-level partnership company

(4) In calculating the tax base of income tax or corporate tax for the taxable year in which the taxable year of a partnership firm ends, partners shall treat the amount of income or deficit allocated to each partner under paragraph (1) as gross income or deductible expenses as classified by Presidential Decree: Provided, That in cases of a negative partner (excluding non-residents or foreign corporations, among passive partners of an institutional private equity fund referred to in Article 9 (19) 1 of the Financial Investment Services and Capital Markets Act), the amount of such allocated income shall be treated as income under Article 17 (1) and subparagraph 2 of Article 119 of the Income Tax Act and subparagraph 2 of Article 93 of the Corporate Tax Act. *<Amended on Jan. 1, 2013; Jul. 24, 2015; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

(5) The amounts in the following subparagraphs relating to partnerships shall be allocated among the partners in accordance with the profit-loss sharing ratio among partners on the last date of each taxable year; In such cases, the amounts in the following subparagraphs relating to the lower-level partnership shall be allocated among the partners of the upper-level partnership according to the ratio calculated by multiplying the profit-loss sharing ratio between the lower-level partnership and the upper-level partnership, by the profit-loss sharing ratio among partners of the upper-level partnership. *<Amended on Dec. 24, 2018, Dec. 31, 2023>*

1. Tax credits and tax amounts reduced or exempted under the Corporate Tax Act and this Act;
2. Tax amounts withheld under Articles 73 and 73-2 of the Corporate Tax Act for the income generated by the partnership firm;
3. Penalty Taxes or Additional taxes imposed under Articles 75 and 75-2 through 75-9 of the Corporate Tax Act and Article 100-25 of this Act;
4. corporate taxes (limited to cases of distribution to partners who are domestic corporations and foreign corporations) on capital gains from transfer of land, etc. under Article 55-2 of the Corporate Tax Act.

(6) When each partner (excluding a partner in a higher-level partnership) files a return on the income tax or corporate tax for the taxable year in which the taxable year of the partnership firm ends, to pay the tax, such partner shall deduct the amounts referred to in paragraph (4) 1 and 2 out of the amount allocated under paragraph (5) from the income tax or corporate tax of the partner, and shall add the amounts referred to in paragraph (4) 3 and 4 to the income tax or corporate tax of the partner. *<Amended on Dec. 31, 2023>*

(7) The determination of the allocation rate of profit or loss, the calculation and allocation of income, deficits, etc. of a partnership firm, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2023>*

Article 100-19 (Transactions between Partnership Firm and its Partners)

(1) Where a partner makes a transaction with his or her partnership firm as a third party, not as a partner, both the partnership firm and the partner shall include the profits or losses incurred from the transaction in the gross income or deductible expenses in calculating the income for the pertinent taxable year.

(2) If it is found that a partnership firm or a partner, to whom paragraph (1) shall apply, understates the income dishonestly, the head of the tax office having jurisdiction over the place of tax payment may apply mutatis mutandis Article 52 of the Corporate Tax Act to the calculation of the income in question. In such cases, the partnership firm and the partner shall be deemed a related person referred to in paragraph (1) of that Article. *<Amended on Dec. 31, 2011>*

(3) The criteria for determining whether a transaction is made as a third party, the scope of inclusion in gross income and deductible expenses, and other necessary matters shall be prescribed by Presidential Decree.

Article 100-20 (Adjustment of Value of Equity Shares)

(1) If a partner receives dividends distributed from the income of his or her partnership firm or if any event prescribed by Presidential Decree occurs, the value of equity shares held by the partner shall be adjusted and raised higher accordingly.

(2) If a partner receives an asset distributed by his or her partnership firm or if any event prescribed by Presidential Decree occurs, the value of equity shares held by the partner shall be adjusted and reduced accordingly.

(3) The adjustable amount of equity shares, the order of adjustment, and other necessary matters shall be prescribed by Presidential Decree.

Article 100-21 (Transfer of Equity Shares in Partnership Firms)

(1) Where a partner transfers his/her equity shares in his/her partnership firm to other persons, the asset under Article 94 (1) 3 or 4 (c) of the Income Tax Act (referring to the asset under subparagraph 9 (b) or 11 (a) of Article 119 of the Income Tax Act in the case the relevant partner is a non-resident, and the asset under subparagraph 7 (b) or 9 (a) of Article 93 of the Corporate Tax Act in case it is a foreign corporation) shall be deemed transfered, and thus the capital gains tax or the corporate tax shall be levied on such income pursuant to the Income Tax Act or the Corporate Tax Act. *<Amended on Jan. 1, 2013; Dec. 28, 2021; Dec. 31, 2024>*

(2) The method of calculating the capital gains of equity shares and other necessary matters shall be prescribed by Presidential Decree.

Article 100-22 (Distribution of Assets of Partnership Firms)

(1) Where a partner receives assets distributed by his or her partnership firm and the market value of the distributed assets exceeds the value of stakes held by the partner on the date of distribution, the excessive amount shall be regarded as the income under Article 17 (1) of the Income Tax Act in calculating his or her income for the taxable year to which the date of distribution belongs.

(2) Where a partner receives assets distributed by his or her partnership firm as a consequence of such cause specified by Presidential Decree such as the dissolution of partnership firm, etc. and the market

value of the distributed assets does not reach the value of stakes held by the partner, the deficient amount shall be regarded as a loss incurred in the transfer of assets under Article 94 (1) 3 or 4 (c) of the Income Tax Act in calculating his or her income for the taxable year to which the date of distribution belongs.

(3) An amount equivalent to the value of stakes of the relevant partner on the date of distribution from among the market value of assets distributed by a partnership firm in cases under paragraphs (1) and (2) shall not be included in the gross income when calculating the tax base of income tax or corporate tax of the taxable year to which the date of distribution of the relevant partner belongs. *<Added on Dec. 26, 2008>*

Article 100-23 (Reporting on Details of Calculation and Allocation of Income of Partnership Firms)

(1) Every partnership firm shall report the details of calculation and allocation of its income for the pertinent taxable year to the head of the competent tax office, as prescribed by Presidential Decree, no later than the fifteenth day of the third month from the end of the month to which the ending date of the taxable year belongs.

(2) Paragraph (1) shall also apply to the partnership firms that have no income generated or deficit incurred during the respective taxable year.

(3) A partnership firm shall notify its respective partners of the reported details concerning the relevant partner when filing a report pursuant to paragraph (1). *<Added on Dec. 27, 2010>*

Article 100-24 (Withholding Taxes from Non-resident or Foreign Corporation Partners)

(1) A partnership firm shall collect the income tax or the corporate tax equivalent to the amount calculated by the following tax rates on the income distributed to the partner that is either a non-resident or a foreign corporation, and shall pay it to the head of the tax office having jurisdiction over the place of tax payment by the time limit for filing a return under Article 100-23 (1) (or the tenth day of the month immediately following the month in which the income is distributed or the time limit under Article 100-23 (1), whichever is earlier, where an amount for which the return under Article 100-23 has not been filed is distributed): *<Amended on Jan. 1, 2013; Dec. 24, 2018; Dec. 31, 2023>*

1. Tax rates under Article 156 (1) 2 of the Income Tax Act and Article 98 (1) 2 of the Corporate Tax Act in cases of a passive partner; provided, where the proviso of paragraph (3) or the main clause of Article 100-18 (4) is applied, tax rates under the subparagraphs of Article 156 (1) of the Income Tax Act and the subparagraphs of Article 98 (1) of the Corporate Tax Act;

2. The higher tax rate of the tax rates under the following items in cases of a partner other than a passive partner:

(a) If a partner is a non-resident: The tax rate under Article 55 of the Income Tax Act;

(b) If a partner is a foreign corporation: The tax rate under Article 55 of the Corporate Tax Act.

(2) Every partnership firm that withholds taxes in accordance with paragraph (1) shall submit a statement of payments in accordance with Article 164-2 of the Income Tax Act and Article 120-2 of the Corporate Tax Act. In such cases, such income shall be deemed paid to the partner that is either a non-resident or a

foreign corporation, at the time of filing a return under Article 100-23 (or at the time of distributing an amount for which a return under Article 100-23 has not been filed).

(3) The proviso of Article 100-18 (4) shall apply to the classification of income distributed to a passive partner; provided, when it is deemed that a passive partner has reduced the income tax or corporate tax unjustly by his or her having been distributed the income through a partnership firm not by having been paid the income directly, the classification of income under the proviso of Article 100-18 (4) shall not apply, but the classification of income under Article 119 of the Income Tax Act or Article 93 of the Corporate Tax Act shall apply based on the income received by a partnership firm. *<Amended on Dec. 31, 2023>*

(4) A non-resident who has income under paragraph (1) 2 and a partner who is a foreign corporation shall make a final report of tax base of the income tax by applying mutatis mutandis the provisions of Articles 121 through 125 of the Income Tax Act or a report of tax base of the corporate tax by applying mutatis mutandis Articles 91, 92, 95, 95-2 and 97 of the Corporate Tax Act; provided, where a partnership firm has withheld and paid the income tax or corporate tax pursuant to paragraph (1), it needs not make a final report of tax base or a report of tax base.

(5) Where the income classified by application of the proviso of paragraph (3) or the main clause of Article 100-18 (4) to a passive partner is the income under subparagraph 3 of Article 119 of the Income Tax Act, subparagraph 3 of Article 93 of the Corporate Tax Act or that under subparagraph 9 of Article 119 of the Income Tax Act, subparagraph 7 of Article 93 of the Corporate Tax Act, it shall not be withheld with tax rates under the proviso of paragraph (1) 1 but shall comply with the methods under the following subparagraphs: *<Amended on Dec. 31, 2013>*

1. In cases of the income under subparagraph 3 of Article 119 of the Income Tax Act or subparagraph 3 of Article 93 of the Corporate Tax Act: Method for a partner to make a report and pay by applying paragraph (4) mutatis mutandis;
2. In cases of the income under subparagraph 9 of Article 119 of the Income Tax Act or subparagraph 7 of Article 93 of the Corporate Tax Act: Method for a partnership firm to withhold with tax rates under paragraph (1) 1 and a partner to make a report and pay by applying paragraph (4) mutatis mutandis.

(6) When applying paragraphs (1) 2 and (4), a place where a partnership firm conducts a business shall be deemed a domestic place of business of the partner that is either a non-resident or a foreign corporation.

(7) Articles 156-2 through 156-8 of the Income Tax Act and Articles 98-3 through 98-7 of the Corporate Tax Act shall apply mutatis mutandis to the method of applying the withholding under paragraph (1) 1, (3) and (5) 2. *<Amended on Dec. 29, 2020>*

(8) Where the partner that is either a non-resident or a foreign corporation has a domestic place of business (excluding cases where it is deemed as a domestic place of business pursuant to paragraph (6); hereafter the same shall apply in this paragraph) under Article 120 of the Income Tax Act or Article 94 of the Corporate Tax Act and the income distributed to a partner is the income reverting to the domestic place of business, the provisions under paragraphs (1) through (7) shall not apply to the income, and the relevant

tax amount shall be reported and paid after adding it up to the tax base of the domestic place of business.

Article 100-25 (Penalty Tax)

(1) If a partnership firm fails to file a return under Article 100-23 (1) or files a return with an amount of income less than the amount of income that should be reported fairly, the head of the competent tax office shall levy the amounts of the following subparagraphs as penalty tax. In such cases, the method of calculating the income that shall be reported fairly shall be prescribed by Presidential Decree:

1. If no return has been filed: 4/100 of the income that shall be reported fairly;
2. If the return filed states an amount of income less than the amount of income that shall be reported fairly: 2/100 of the understated amount of income.

(2) If a partnership firm fails to pay a tax that it has already withheld or that is obligated to withhold under Article 100-24 by the time limit, or underpays a tax amount, the head of the competent tax office shall impose the aggregate of the following amounts (which shall not exceed 10/100 of the tax amount not paid or underpaid) as penalty tax: *<Amended on Dec. 24, 2018; Dec. 29, 2020>*

1. Tax amount not paid or paid less × Period from the date following the time limit for payment to the date of voluntary payment or to the date of payment notice × Interest rate prescribed by Presidential Decree, based on the interest rate that financial institutions apply to overdue loans;
2. 3/100 of the tax amount not paid or paid less.

Article 100-26 (Provisions Applicable Mutatis Mutandis)

In cases of partnership firms that are not corporations, with regard to the matters prescribed by Presidential Decree, including the taxable year, tax payment place, business registration, tax credits, tax reduction, tax exemption, withholding, penalty tax, corporate tax on the capital gains from land, etc., such partnership firms shall be deemed a single domestic corporation (or a foreign corporation in cases of a partnership under Article 100-15 (1) 5), and the relevant provisions of the Corporate Tax Act and this Act shall apply mutatis mutandis to such partnership firms. *<Amended on Jan. 1, 2013>*

SECTION 10-4 Special Taxation for Encouragement of Children

Article 100-27 (Child Care Tax Credit System)

In order to support child care costs for low-income earners, child care subsidies shall be determined and refunded, by applying the child care tax credit system provided for in Articles 100-28 through 100-31.

Article 100-28 (Eligibility to Apply for Child Care Subsidies)

(1) A resident prescribed by Presidential Decree, among residents who have business income referred to in Article 19 of the Income Tax Act, earned income referred to in Article 20 of that Act, or religious person's income referred to in Article 21 (1) 26 of that Act during the taxable period of income tax, may apply for a

child care subsidy for that taxable period of income tax, if the resident fully meets the following requirements: *<Amended on Dec. 15, 2015; May. 18, 2017; Dec. 19, 2017; Dec. 31, 2022; Dec. 31, 2023>*

1. The resident shall have a dependent child;

2. The resident's annual total income (including his or her spouse; hereafter in this Article, the same shall apply), shall be less than 70 million won;

3. Deleted. *<Dec. 20, 2016>*

4. The total amount of assets held by all household members shall be less than 240 million won.

(2) Notwithstanding paragraph (1), none of the following residents is eligible to apply for a child care subsidy:

1. Where a resident falls under any of Article 100-3 (2) 2 or 3;

2. Deleted. *<Dec. 24, 2018>*

(3) Deleted. *<Dec. 31, 2019>*

Article 100-29 (Calculation of Child Care Subsidies)

(1) The amount of a child care subsidy shall be calculated according to any of the following based on gross salary, etc.: *<Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Dec. 31, 2022; Dec. 31, 2023>*

1. In cases of a single-income household: An amount calculated as follows:

By item	Total salary, etc.	Child care incentives
a	Less than 21 million won	Number of dependent children x one million won
b	21 million won or more and less than 70 million won	Number of dependent children x (one million won ? (Total salaries, etc. ? ? 21 million won) x 50/4900)

2. In cases of a dual-income household: An amount calculated as follows:

By item	Total salary, etc.	Child care incentives
a	Less than 25 million won	Number of dependent children x one million won
b	25 million won or more and less than 70 million won	Number of dependent children x (one million won ? (Total salaries, etc. ? ? 25 million won) x 50/4500)

(2) Notwithstanding paragraph (1), a child care subsidy shall be determined by applying the child care subsidy calculation schedule prescribed by Presidential Decree by the range of the amount of gross salary, etc. *<Amended on Dec. 31, 2019>*

(3) Deleted. *<Dec. 31, 2019>*

Article 100-30 (Application for Child Care Subsidies)

(1) A resident who wishes to receive a child care subsidy shall file an application for the child care subsidy with the head of the tax office having jurisdiction over the place of tax payment, along with evidentiary documents prescribed by Presidential Decree as necessary for verifying the eligibility for the application for the child care subsidy, during the filing period of a final return on the tax base of global income under Article 70 or 74 of the Income Tax Act: *<Amended on Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020>*

1. His/her eligibility for application;
2. Amount of child care subsidy calculated under Article 100-29.

(2) Notwithstanding paragraph (1), no child care subsidy shall be applied in duplication with the tax credit for children under Article 59-2 of the Income Tax Act.

(3) Notwithstanding paragraph (1), a semiannual application shall be deemed an application filed for a child care subsidy for the relevant taxable period of income tax under paragraph (1). *<Amended on Dec. 31, 2019>*

Article 100-31 (Application Mutatis Mutandis to Matters Related to Child Care Subsidies)

(1) Article 100-3 (excluding paragraphs (1), (2), and (6)), Article 100-4 (excluding paragraph (6), Article 100-5 (excluding paragraphs (1), (2), and (5)), Article 100-6 (excluding paragraphs (1), (3), (7), and (9)), Article 100-7 (excluding paragraphs (1) 2 and (3)), and Articles 100-8 (excluding paragraphs (5) and (8)) through 100-13 shall apply mutatis mutandis to the eligibility for application for a child care subsidy; the requirements for dependent children and the timing for determination thereof; the determination of, application for, decision on, and refund of a child care subsidy; restriction, rectification, etc. on refund; the verification and examination of applicants, etc.; inquiries into financial transaction information; and requests for data. In such cases, "labor encouragement subsidy" shall be construed as "child care subsidy." *<Amended on Dec. 31, 2019; Dec. 28, 2021>*

(2) If a child care subsidy determined under Article 100-29 (2) is reduced to less than 30,000 won (excluding where the amount is zero or a negative figure) under paragraph (1) and Article 100-30 (2), the head of the tax office having jurisdiction over the place of tax payment shall determine that the child care subsidy is 30,000 won; provided, if the amount calculated according to Article 100-5 (1) 2 (a) is less than 15,000 won, the head of the tax office shall determine that there is no child care subsidy to be paid. *<Added on Dec. 20, 2016; Dec. 31, 2019>*

SECTION 10-5 Special Taxation for Investment and Facilitation of Mutually Beneficial Cooperation

Article 100-32 (Special Taxation for Facilitation of Investment and Mutually-Beneficial Cooperation)

(1) Where a domestic corporation affiliated to a corporate group subject to limitations on cross shareholding under Article 31 (1) of the Monopoly Regulation and Fair Trade Act has earnings not appropriated to investment, wages, etc., as referred to in paragraph (2) 1 (a) through (c), the corporation shall pay a tax amount calculated by multiplying such unappropriated earnings under that paragraph (referring to the amount of such earnings less the amount reserved for appropriation in the following term under paragraph (5) and the over-appropriated amount carried forward pursuant to paragraph (7)) by 20/100 as corporate tax on the unappropriated earnings, in addition to the amount of corporate tax calculated by applying the tax rate under Article 55 of the Corporate Tax Act to the tax base under Article 13 of that Act: *<Amended on Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022>*

1. Deleted. *<Dec. 31, 2022>*

(a) Deleted; *<Dec. 31, 2022>*

(b) Deleted; *<Dec. 31, 2022>*

(c) Deleted; *<Dec. 31, 2022>*

2. Deleted. *<Dec. 31, 2022>*

(2) A domestic corporation referred to in paragraph (1) shall file a tax return on the amount calculated by choosing either of the following methods (the amount is referred to as "unappropriated earnings", if the computed amount is a positive figure; or as "over-appropriated amount" without the negative sign, if the computed amount is a negative figure; hereafter in this Article the same shall apply) with the head of the tax office having jurisdiction over the place of tax payment within three months (or within four months from the end of the month in which each consolidated business year ends, where a report on tax base and tax amount is filed pursuant to Article 76-17 of the Corporate Tax Act), as prescribed by Presidential Decree: *<Amended on Dec. 29, 2020; Dec. 31, 2022>*

1. The method by which the aggregate of the following amounts is deducted from the amount computed by multiplying the income prescribed by Presidential Decree (hereafter in this Article referred to as "corporate income "), among the income for the relevant business year (referring to the business year in which December 31, 2025 falls (or the business year in which December 31, 2027, where paragraph (6) is applicable)), by the rate prescribed by Presidential Decree within the range between 60/100 and 80/100:

(b) The increase in wages of the full-time employees prescribed by Presidential Decree (hereafter in this Article referred to as "full-time employees") for the relevant business year, calculated by adding an amount classified as follows, if such amount exists:

(c) An amount calculated by multiplying the amount prescribed by Presidential Decree, such as the amount disbursed for the mutually-beneficial cooperation defined in subparagraph 3 of Article 2 of

the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises, by 300/100;

2. The method by which the aggregate of the amounts set forth in items of subparagraph 1 (excluding the aggregate of the investments in asset under item (a)) is deducted from the amount calculated by multiplying the corporate income prescribed by Presidential Decree by the rate prescribed by Presidential Decree within the rate of between 10/100 and 20/100.

(3) Where a domestic corporation referred to in paragraph (1) files a tax return prepared by the method it has chosen among the methods set forth in subparagraphs of paragraph (2), such corporation shall continuously apply such method during the period prescribed by Presidential Decree from the first day of the relevant business year. *<Amended on Dec. 31, 2022>*

(4) Where a domestic corporation referred to in paragraph (1) fails to file a tax return as prescribed in paragraph (2), paragraph (3) shall apply to such corporation, deeming that it has filed a tax return prepared by the method it has chosen among the methods set forth in subparagraphs of paragraph (2), as prescribed by Presidential Decree. *<Amended on Dec. 31, 2022>*

(5) A domestic corporation referred to in paragraph (1) (excluding corporations to which paragraph (4) applies) may reserve all or part of unappropriated earnings for the relevant business year referred to in paragraph (2), as an amount to be appropriated for investment, wages, etc. for the following two business years (hereafter in this Article, referred to as "amount reserved for appropriation in the following business year") and may deduct the amount reserved for appropriation in the following business year from the unappropriated earnings for the relevant business year. *<Amended on Dec. 28, 2021; Dec. 31, 2022>*

(6) Where a corporation has reserved an amount reserved for appropriation pursuant to paragraph (5), the corporation shall pay the amount computed by the following formula (if the amount is a negative figure, it shall be deemed nil) in addition to the amount of corporate tax for the second following business year: *<Amended on Dec. 28, 2021; Dec. 31, 2022>*

(Amount reserved for appropriation in the following business year - over-appropriated amount calculated under paragraph (2) of the relevant business year) x 20/100

(7) Where an over-appropriated amount referred to in paragraph (2) (referring to an over-appropriated amount remaining after deducting the amount reserved for appropriation in the following business year, as an over-appropriated amount under paragraph (6)) exists for the relevant business year, the over-appropriated amount may be carried forward to the following two business years and may be deducted from unappropriated earnings in the following two business years. *<Amended on Dec. 29, 2029>*

(8) Where a domestic corporation referred to in paragraph (1) is in circumstances prescribed by Presidential Decree, including disposing of an asset referred to in paragraph (2) 1 (a), such corporation shall pay an amount equivalent to interest calculated as prescribed by Presidential Decree, in addition to the tax amount unpaid by deducting the amount invested in such asset under paragraph (2) 1.

(9) Where an over-appropriated amount occurred pursuant to Article 56 (7) of the former Corporate Tax Act (referring to that Act amended by Act No. 15222) exists in the immediately preceding business year,

such amount may be deducted from unappropriated earnings under paragraph (2). <*Amended on Dec. 24, 2018*>

(10) For the purpose of applying paragraphs (1) through (9), the methods for computing the aggregate of investments, an increase in wages, the number of full-time employees or the number of regular youth employees, and other necessary matters shall be prescribed by Presidential Decree.

Article 100-33 Deleted. <*Dec. 27, 2010*>

Article 100-34 Deleted. <*Dec. 27, 2010*>

SECTION 11 Special Taxation for Other Direct National Taxes

Article 101 Deleted. <*Dec. 31, 2019*>

Article 102 (Tax Reduction or Exemption for Income from Forest Development)

(1) If any income accrues by not later than December 31, 2018 from the logging or transfer of a forest newly-afforested by a national according to his or her forest management plan or through a project for a special forest business zone designated under the Creation and Management of Forest Resources Act (including any designated development project in a designated development area under Article 2 of the Addenda to the Forestry Act as amended by Act No. 4206, which is the designated development area designated under the former Forestry Act prior to the enforcement of the amended Forestry Act), or a seed-collection forest, a forest protection area designated under Article 7 of the Forest Protection Act which he or she has afforested for at least ten years, the national is entitled to reduction of an amount of tax equivalent to 50/100 of income tax or corporate tax levied on such income. <*Amended on Jan. 1, 2013; Dec. 15, 2015*>

(2) Any person who intends to obtain a tax reduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 103 Deleted. <*Dec. 29, 2000*>

Article 104 Deleted. <*Dec. 31, 2007*>

Article 104-2 (Assistance to Fishermen Affected by Fishery Treaties)

(1) No income tax or corporate tax shall be levied on the subsidies falling under any of the following subparagraphs which are paid not later than December 31, 2009:

1. Subsidies granted under Article 4 (1) of the Special Act on Assistance to Fishers and Development of Fisheries Following the Conclusion of Fisheries Agreement to the fishermen, etc. under that Act

(hereafter referred to as "fishermen, etc." in this Article);

2. Unemployment subsidies granted to fishing vessel crews under Article 5 (1) of the Special Act on Assistance to Fishers and Development of Fisheries Following the Conclusion of Fisheries Agreement.

(2) Subsidies granted to the fishermen, etc. for renovation of their fishing vessels and gears and fishing operation expenses, not later than December 31, 2009, pursuant to Article 4 (3) of the Special Act on Assistance to Fishers and Development of Fisheries Following the Conclusion of Fisheries Agreement (hereafter referred to as "fishery subsidies" in this paragraph) shall not be included in the gross income in calculating their income amount, and any disbursement of the relevant fishery subsidies or any depreciation of business assets acquired with the fishery subsidies shall not be added to the deductible expenses.

Article 104-3 (Special Taxation on Special Purpose Companies for Recapitalization)

(1) Where a corporation designated by the Minister of Economy and Finance (hereafter in this Article, referred to as "special purpose company for recapitalization"), incorporated to support recapitalization of financial institutions prescribed by Presidential Decree, recognizes the reserves for loss compensation as deductible expenses by the business year ending as at December 31, 2021 in order to compensate for any loss occurring from raising or investing funds in the manners prescribed by Presidential Decree, the corporation is entitled to include the smaller of the amounts calculated as follows, in its deductible expenses, when calculating the amount of income of the relevant business year: <*Amended on Dec. 20, 2016*>

1. 100/100 of the amount of income prior to including the reserves for loss compensation in the deductible expenses of the relevant business year;

2. The amount subtracting the balance of the reserves for loss compensation from the investment prescribed by Presidential Decree as at the end of the relevant business year; provided, where the relevant amount is negative, the amount shall be deemed nil.

(2) A corporation that has recognized the reserves for loss compensation as deductible expenses under paragraph (1), shall first offset any loss incurred by the reserves for loss compensation recognized as deductible expenses.

(3) If any balance remains in the reserves for loss compensation included in deductible expenses under paragraph (1) after offsetting under paragraph (2) by the end of the business year falling on the fifth anniversary from the end of the business year in which such reserves for loss compensation was included in deductible expenses, the balance shall be included in the gross income for the purposes of calculating the amount of income of the business year in which the fifth anniversary falls.

(4) Where any of the following events occurs in relation to a special purpose company for recapitalization, the special purpose company for recapitalization shall include the full amount of the reserves for loss compensation not included in its gross income, in its gross income for the purposes of calculating the amount of income of the taxable year in which such event occurs:

1. Where it closes the relevant business;
2. Where it is dissolved.

(5) Any person who intends to be eligible for paragraph (1), shall submit a statement of the reserves for loss compensation to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

Article 104-4 (Special Taxation for Income Tax, etc. on Multilateral-Trade Contracts)

Article 94 of the Income Tax Act, Article 8 of the Securities Transaction Tax Act, and Article 5 (1) 5 of the Act on Special Rural Development Tax shall apply to listed stocks among the stocks traded through a multilateral-trade contracting company under Article 8-2 (5) of the Financial Investment Services and Capital Markets Act, regarding that they are traded on the securities market. *<Amended on Dec. 28, 2021; Dec. 31, 2024>*

Article 104-5 (Tax Credits on Statements of Payment)

(1) Where a small-scale business designated by Presidential Decree in consideration of the number of full-time employees, etc. (hereafter in this Article, referred to as a "small-scale business") submits simplified statements of payment for income referred to in Article 164-3 (1) 1 of the Income Tax Act for the period from January 1, 2026 to December 31, 2027 by the deadline for submission specified in that paragraph directly through the Home Tax Service Network under subparagraph 19 of Article 2 of the Framework Act on National Taxes (hereafter in this Article, referred to as the "Home Tax Service Network"), the amount prescribed by Presidential Decree shall be deducted from the amount of income tax or corporate tax taxable for the relevant tax year in consideration of the number of income earners listed on the simplified statement of payment, etc. *<Amended on Dec. 31, 2023>*

(2) Where a certified tax accountant under the Certified Tax Accountant Act (including certified public accountants and attorneys-at-law registered under Article 20-2 (1) of the Certified Tax Accountant Act, tax accounting corporations under that Act, and accounting corporations under the Certified Public Accountant Act; hereafter in this Article, the same shall apply) submits simplified statements of payment for income referred to in Article 164-3 (1) 1 of the Income Tax Act by the deadline specified in that paragraph on behalf of a small-scale business referred to in paragraph (1) through the Home Tax Service Network, the amount specified in paragraph (1) shall be deducted from the amount of income tax or corporate tax to be paid by the certified tax accountant for the relevant taxable year. *<Amended on Dec. 31, 2023>*

(3) If the amount calculated according to paragraphs (1) and (2) for each person submitting simplified statements of payment is less than 10,000 won a year, it shall be deemed 10,000 won, and if the amount exceeds three million won a year (in cases of a tax accounting corporation under the Certified Tax Accountant Act or an accounting corporation under the Certified Public Accountant Act, six million won), it shall be deemed that such excess amount does not exist.

Article 104-6 Deleted. *<Dec. 31, 2011>*

Article 104-7 (Special Taxation for Rearrangement Project Associations)

(1) Notwithstanding Article 3 of the Corporate Tax Act, the Income Tax Act shall apply to a reconstruction association that obtained authorization for its establishment, on or before June 30, 2003 under Article 44 (1) of the Housing Construction Promotion Act (referring to that Act prior to its amendment by Act No. 6852) and registered as a corporation under Article 38 of the Act on the Improvement of Urban Areas and Residential Environments (hereafter in this Article, referred to as "converted rearrangement project association"), deeming such association and its members to be the place of joint business and the joint business operators, respectively, under Articles 87 (1) and 43 (3) of the Income Tax Act; provided, the same shall not apply to the year following the relevant business year in which the converted rearrangement project association files the tax return and amount of tax of its income for the relevant business year with the head of the tax office having jurisdiction over the place of tax payment pursuant to Article 60 of the Corporate Tax Act. *<Amended on Dec. 27, 2010; Feb. 8, 2017; Dec. 24, 2018>*

(2) The Corporate Tax Act (excluding Article 29 of that Act) shall apply to an association falling under any of the following subparagraphs (hereafter in this Article, referred to as "rearrangement project association"), deeming such association as a nonprofit domestic corporation, notwithstanding Article 2 of the Corporate Tax Act. In such cases, the same shall apply to a converted rearrangement project association only if it has filed the tax return and amount of tax under the proviso of paragraph (1). *<Amended on Dec. 27, 2010; Jan. 1, 2014; Feb. 8, 2017; Dec. 24, 2018; Dec. 28, 2021>*

1. An association established pursuant to Article 35 of the Act on the Improvement of Urban Areas and Residential Environments (including converted rearrangement project associations);
2. An association established pursuant to Article 23 of the Act on Special Cases concerning Unoccupied House or Small-Scale Housing Improvement.

(3) No parcels of land nor buildings (limited to those constructed by the implementation of a rearrangement project; hereafter in this Article, the same shall apply) which are provided according to the management and disposition schedule by a rearrangement project association to its members in substitute for the former parcels of land, after such rearrangement project has been completed under the Act on the Improvement of Urban Areas and Residential Environments or the Act on Special Cases concerning Unoccupied House or Small-Scale Housing Improvement shall be deemed goods supplied under Articles 9 and 10 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013; Dec. 28, 2021>*

(4) Where a rearrangement project association has transferred, to any third person, the ownership of all land and buildings constructed by the rearrangement project according to its management and disposition schedule, and has allotted or transferred to any third person even the residual property without paying national taxes or forced collection charge, the person to whom such residual property was allotted or

transferred shall, only if there is no sufficient amount collectable even by forced collection with respect to the rearrangement project association, bear the secondary tax liability for a deficiency in the total amount to be collected. In such cases, the secondary tax liability shall be limited to as much as the price of such residual property allotted or transferred to them. *<Amended on Dec. 29, 2020>*

(5) For the purposes of paragraph (2), the scope of the projects of the rearrangement project association excluded from taxable income under Article 4 of the Corporate Tax Act, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

Article 104-8 (Tax Credits for Electronic Returns)

(1) Where a taxpayer directly files a tax return of income tax, capital gains tax, or corporate tax prescribed by Presidential Decree by means of electronic return provided for in Article 5-2 of the Framework Act on National Taxes (hereafter in this Article, referred to as "electronic return"), the taxpayer is entitled to deduction of an amount prescribed by Presidential Decree from the amount of tax payable. In such cases, where the amount of tax payable is a negative figure, it shall be deemed nil. *<Amended on Dec. 29, 2020>*

(2) Where a taxpayer directly files a return on value-added tax prescribed by Presidential Decree by means of electronic return, an amount prescribed by Presidential Decree shall be either deducted from the relevant amount of tax payable or added to the refundable amount; provided, the aforesaid provisions shall not apply to any general taxable person defined under subparagraph 5 of Article 2 of the Value-Added Tax Act who does not keep a record on selling prices and purchase prices; and if the deductible amount of tax by a simplified taxable person defined under subparagraph 4 of that Article, exceeds an amount calculated by adding or subtracting the amounts referred to in Articles 63 (3), 64, and 65 of that Act to or from the amount of tax payable, such excess shall be deemed nil. *<Amended on Jun. 7, 2013>*

(3) Where a certified tax accountant under the Certified Tax Accountant Act (including certified public accountants and attorneys-at-law registered in the register of certified public accountants or the register of tax agent services under the Certified Tax Accountant Act, tax accounting corporations registered under that Act, and accounting corporations registered under the Certified Public Accountant Act; hereafter in this Article, the same shall apply), files a tax return on income tax, capital gains tax, or corporate tax by means of electronic return for the immediately preceding taxable year on behalf of a taxpayer, the certified tax accountant is entitled to deduct an amount referred to in paragraph (1) from the amount of income tax (limited to the income tax on business income) or corporate tax payable by him or her; and where he or she files a value-added tax return for the immediately preceding taxable year, the certified tax accountant is entitled to deduct an amount referred to in paragraph (2) from the amount of value-added tax payable by him or her. In such cases, the ceilings of annual tax credits shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011; Dec. 19, 2017; Dec. 31, 2019; Jun. 9, 2020; Dec. 29, 2020; Nov. 23, 2021>*

(4) The maximum annual deductible amount that a certified tax accountant is entitled to deduct under paragraph (3) (the aggregate of the amount that the certified tax accountant is entitled to deduct from corporate tax to be paid and the amount that the certified tax accountant is entitled to deduct from value-

added tax) shall be three million won (in cases of a tax accounting corporation under the Certified Tax Accountant Act or an accounting corporation under the Certified Public Accountant Act, 7,500,000 won). *<Added on Dec. 31, 2019>*

(5) If a taxpayer files an application for service of payment notice by means of electronic service under Article 8 (1) of the Framework Act on National Taxes, the amount prescribed by Presidential Decree shall be deducted from the amount to be paid for a national tax falling under any of the following subparagraphs, of which payment notice is served for the second month after the month in which the application is filed and subsequent months thereafter: *<Added on Dec. 29, 2020>*

1. income tax determined and collected under the former part of Article 65 (1) of the Income Tax Act;
2. value-added tax determined and collected under the main clause of Article 48 (3) of the Value-Added Tax Act and the main clause of Article 66 (1) of that Act;
3. A national tax fixed when a tax base and a tax amount are determined by the government under Article 22 (3) of the Framework Act on National Taxes (excluding cases where a tax is levied and collected occasionally).

(6) The amount of the tax credit under paragraph (5) shall be limited to the amount to be paid for national taxes imposed according to each tax act, less the amount prescribed in Article 83 of the Framework Act on National Taxes. *<Added on Dec. 29, 2020>*

Article 104-9 (Inclusion of Reserve Funds for Participation in EXPO 2012 Yeosu Korea in Deductible Expenses)

(1) Where a domestic corporation (including domestic corporations that are the subcontractors of such domestic corporation; hereafter the same shall apply in this Article) that entered into a contract (hereafter referred to as "contract for participation in EXPO" in this Article) to participate in the projects prescribed by Presidential Decree with the Organizing Committee for the EXPO 2012 Yeosu Korea established under the Special Act on Support for and Follow-Up on the Expo 2012 Yeosu Korea (hereafter referred to as the "EXPO 2012 Yeosu Korea" in this Article) has appropriated reserve funds for participation for deductible expenses for each business year ending on or before December 31, 2011, the domestic corporation shall include such amount in the deductible expenses when calculating the amount of income for the relevant business year. *<Amended on Dec. 23, 2014>*

(2) Where a domestic corporation that has appropriated reserve funds for participation for deductible expenses as prescribed in paragraph (1) disburses expenses prescribed by Presidential Decree in order to participate in the EXPO 2012 Yeosu Korea, the domestic corporation shall, first of all, offset such expenses by the reserve funds for participation already appropriated as deductible expenses.

(3) The reserve funds for participation appropriated for deductible expenses as prescribed in paragraph (1) shall be included in the gross income as follows: *<Amended on Jan. 26, 2012>*

1. As for the reserve funds for participation equivalent to the amount disbursed by not later than December 31, 2012 in order to acquire fixed asset for business to be established in the district where the

EXPO grounds defined under subparagraph 6 of Article 2 of the Special Act on Support for and Follow-Up on the Expo 2012 Yeosu Korea are to be created, an amount computed by dividing such reserve funds for participation by 36, which is then multiplied by the number of months of the relevant business years, shall be included in the gross income when calculating the amount of income for each business year starting from the business year in which December 31, 2012 falls;

2. Where the reserve funds for participation included in the deductible expenses as prescribed in paragraph (1) exceeds the aggregate of the amount offset as prescribed in paragraph (2) and the amount to be included in the gross income as prescribed in subparagraph 1, such excess amount shall be included in the gross income when calculating the amount of income for the business year in which December 31, 2012 falls; provided, if an amount is not disbursed for participation in the EXPO 2012 Yeosu Korea because the project plan has been changed after the reserve funds for participation was included in the deductible expenses, such amount may be included in the gross income before the business year in which December 31, 2012 falls arrives.

(4) Upon the occurrence of any of the following events, a domestic corporation that has included reserve funds for participation in the deductible expenses as prescribed in paragraph (1) shall include the total amount of the reserve funds for participation that have not been included in the gross income, in the gross income when calculating the amount of income for the business year in which the date of occurrence of such cause falls:

1. When a contract for participation in the EXPO 2012 Yeosu Korea or a subcontract is terminated;

2. When the domestic corporation closes the relevant business;

3. When the domestic corporation is dissolved; provided, the same shall not apply where such domestic corporation is dissolved due to a merger and transfers the amount in the account of reserve funds for participation to a corporation incorporated following the merger or a corporation surviving such merger.

(5) Where reserve funds for participation is included in the gross income as prescribed in the main clause of paragraph (3) 2 or paragraph (4), an additional amount equivalent to interest calculated, as prescribed by Presidential Decree, shall be collected in addition to the corporate tax; provided, the same shall not apply to the amount that has not been included in the gross income out of the amount computed under paragraph (3) 1 if a domestic corporation closes its business or is dissolved after the end of the EXPO 2012 Yeosu Korea.

(6) A domestic corporation that intends to be eligible under paragraph (1) shall submit a statement of reserve funds to the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

Article 104-10 (Special Cases concerning Calculating Corporate Tax Base for Shipping Enterprises)

(1) A shipping enterprise that operates the ocean-going shipping business prescribed by the Marine Transportation Act (hereafter in this Article, referred to as "shipping enterprise") and meets the requirements prescribed by Presidential Decree, among domestic corporations, may calculate its corporate

tax base by aggregating the following amounts by not later than December 31, 2029: *<Amended on Dec. 23, 2014; Dec. 31, 2019; Dec. 31, 2024>*

1. The income prescribed by Presidential Decree in relation to ocean-going shipping activities (hereafter in this Article, referred to as "shipping income"): The aggregate of individual ship standard profits (hereafter in this Article, referred to as "standard ship profit") calculated by the following formula, notwithstanding Articles 13 through 54 of the Corporate Tax Act:

   Standard individual ship profit = individual ship tonnage × one-navigation day shipping profit per ton × the number of navigation days × the use rate;

2. The income, other than the shipping income (hereafter in this Article, referred to as "non-shipping income"): An amount calculated under Articles 13 through 54 of the Corporate Tax Act.

(2) A corporation that intends to be accorded special treatment in calculating the tax base for shipping enterprises under paragraph (1) (hereafter in this Article, referred to as "special treatment in calculating the tax base") shall file an application for special treatment in calculating the tax base, as prescribed by Presidential Decree, and is eligible for being accorded special treatment in calculating the tax base for five consecutive business years from the business year in which the special treatment in calculating the tax base is accorded (hereinafter referred to as "period for the application of special treatment in calculating the tax base"); provided, any shipping enterprises being accorded special treatment in calculating the tax base, may renounce such special treatment in calculating the tax base, as prescribed by Presidential Decree, by not later than the business year in which December 31, 2017 falls. *<Amended on Dec. 20, 2016>*

(3) For the purposes of paragraph (1), no loss incurred by non-shipping income shall be aggregated to the standard ship profit; and no special taxation, such as non-taxation, tax exemptions, tax reductions, tax credits, or income deductions, under this Act, the Framework Act on National Taxes, by treaties, or by statutes prescribed under Article 3 (1) shall apply to shipping income.

(4) Where any income withheld at source pursuant to Articles 73 and 73-2 of the Corporate Tax Act, is included in the shipping income, the amount of the withholding tax on such income shall not be deducted from the amount of corporate tax calculated, as the amount of tax already paid. *<Amended on Dec. 24, 2018>*

(5) No deficit carried-forward prior to the application of special treatment in calculating the tax base shall be deducted from the amount referred to in paragraph (1).

(6) Where a corporation being accorded special treatment in calculating the tax base, fails to meet the requirements prescribed under paragraph (1) for at least two business years during the period for application of such special treatment, the corporation is ineligible for being accorded special treatment in calculating the tax base, starting from the business year during which the second failure occurs, for the remaining period during which the special treatment in calculating the tax base is applied and for the subsequent five business years.

(7) Where a domestic corporation being accorded special treatment in calculating the tax base, makes an interim tax prepayment by the method prescribed in Article 63-2 (1) 2 of the Corporate Tax Act, the tax base of such interim tax prepayment shall be an amount calculated pursuant to paragraphs (1) through (5);

and the amount of corporate tax reduced or exempted according to the formula prescribed in Article 63-2 (1) 2 of that Act and the amount of the withholding tax already paid shall apply only to the part related to non-shipping income. *<Amended on Jan. 1, 2013; Dec. 24, 2018>*

(8) For the purpose of paragraph (1), one navigation-day profit per ton shall be prescribed by Presidential Decree within the scope not exceeding KRW 30 per ton, taking account of the tonnage of ship, the status of ship ownership and operating income of a shipping enterprise, the payment records of corporate tax, and cases of operation in a foreign country, etc. *<Amended on Dec. 31, 2024>*

(9) Methods for calculating the standard individual ship profit, including the number of navigation days and the usage rate; methods for calculating the income of each business year in which the special treatment in calculating the tax base ceases but the Corporate Tax Act starts to apply; methods for keeping separate accounting; and other necessary matters concerning the application of special treatment in calculating the tax base, etc. shall be prescribed by Presidential Decree.

Article 104-11 (Special cases for inclusion of deductible expenses in contributions to credit rehabilitation services companies)

(1) Where the Korea Asset Management Corporation established pursuant to the Act on the Establishment of Korea Asset Management Corporation (hereinafter referred to as the "Korea Asset Management Corporation") and financial company, etc. specified in any item of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter referred to as "financial company, etc." in this Article) contribute to a credit rehabilitation service company under Article 104-12 (1) by December 31, 2027, the amount of such contribution may be included in deductible expenses in calculating the amount of income for the relevant business year. *<Amended on Dec. 31, 2023; Dec. 31, 2024>*

(2) In order to be granted special taxation under paragraph (1), the Korea Asset Management Corporation and financial companies shall submit a statement of contributions to credit rehabilitation services companies, as prescribed by Decree of the Ministry of Economy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, along with the tax return on corporate tax for the relevant business year. *<Amended on Dec. 31, 2023>*

Article 104-12 (Special Taxation for Credit Rehabilitation Services Companies)

(1) When a corporation designated and publicly notified by the Minister of Economy and Finance (hereafter referred to as "credit rehabilitation services company" in this Article) which engages in the business of purchasing non-performing loans, readjusting the interest rates, maturities, etc. thereof, and providing payment guarantees to reduce financial expenses from high interest, etc. for persons subject to restriction on loan transactions with financial companies, etc. because of their low credit rating, weak economic power, etc., has appropriated loss compensation reserves as deductible expenses in each business year ending on or before December 31, 2026, the corporation may include such amount in the deductible expenses, when calculating the amount of income for the relevant business year. *<Amended on*

Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>

(2) When any loss has incurred, a corporation that has included loss compensation reserves in the deductible expenses as prescribed in paragraph (1) shall first offset such loss by the loss compensation reserves already included in the deductible expenses.

(3) If any balance remains in the reserves for loss compensation included in deductible expenses under paragraph (1) after offsetting under paragraph (2) by the end of the business year falling on the fifth anniversary from the end of the business year in which such reserves for loss compensation was included in deductible expenses, the balance shall be included in the gross income for the purposes of calculating the amount of income of the business year in which the fifth anniversary falls. *<Amended on Dec. 23, 2014; Dec. 24, 2018>*

(4) Upon the occurrence of any of the following events, a credit rehabilitation services company shall include, in the gross income, the total amount of loss compensation reserves that have not been included in the gross income when calculating the amount of income for the taxable year in which the date of occurrence of the relevant event falls:

1. Where the credit rehabilitation services company closes the relevant business;
2. Where the credit rehabilitation services company is dissolved.

(5) A person who intends to be accorded special tax treatment under paragraph (1) shall submit a statement on loss compensation reserves to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

Article 104-13 (Special Taxation of Comprehensive Real Estate Holding Tax for Confucian Schools and Religious Organizations)

(1) Where there is a house or a parcel of land (hereafter referred to as "subject house or land" in this Article) owned by an individual Confucian school or an individual religious organization prescribed by Presidential Decree (hereafter referred to as "individual organization" in this Article) and registered in the name of a Confucian school foundation under the Confucian School Property Act or a religious organization prescribed by Presidential Decree (hereafter referred to as the "Confucian school foundation, etc." in this Article), to which the individual organization belongs, without an intention to evade a tax among the houses or parcels of land owned by such individual organization, the individual organization that actually owns the subject house or land may be regarded as the person who owes the duty to pay the property tax for the portions of both house and land as of the tax base date and thus may file a return on the comprehensive real estate holding tax for such property, notwithstanding Articles 7 (1) and 12 (1) of the Comprehensive Real Estate Holding Tax Act. In such cases, the subject house or land shall be deemed as owned by the individual organization only for the purposes of taxation of the comprehensive real estate holding tax. *<Amended on Jan. 1, 2013>*

(2) Where an individual organization files a return on the comprehensive real estate holding tax under paragraph (1), the Confucian school foundation, etc. shall have the duty to pay the comprehensive real

estate holding tax jointly with the individual organization within the limit of the officially announced value of the subject house or land.

(3) Where an individual organization files a return on the comprehensive real estate holding tax under paragraph (1), it shall be deemed that the Confucian school foundation, etc. does not own the subject house or land in filing a return on the comprehensive real estate holding tax.

(4) The methods of calculation, filing a return, and payment of the comprehensive real estate holding tax under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 104-14 (Tax Credits for Third Party Logistics Expenses)

(1) Where the third party logistics expense, out of the logistics expense disbursed by a small or medium enterprise or a middle-standing enterprise that engages in manufacturing business for each taxable year until the taxable year that ends on or before December 31, 2020, exceeds the third party logistics expense disbursed for the immediately preceding taxable year, the enterprise is entitled to deduction of an amount equivalent to 3/100 of the excess amount (or 5/100, in cases of small and medium enterprises) from income tax (limited to the income tax levied on business income) or corporate tax, if both of the following conditions are satisfied; provided, the tax credit shall not exceed 10/100, if the deducted amount exceeds 10/100 of the income tax or the corporate tax for the relevant taxable year: <*Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020*>

1. The third party logistics expense disbursed for each taxable year shall be at least 30/100 of the logistics expense disbursed for each taxable year;
2. The ratio of the third party logistics expense to the logistics expense disbursed for the relevant taxable year shall not be lower than the ratio for the immediately preceding taxable year.

(2) Where the third party logistics expense disbursed during the immediately preceding taxable year is less than 30/100 of the logistics expenses disbursed during the immediately preceding taxable year or is none, and the third party logistics expense disbursed during the relevant taxable year exceeds 30/100 of the logistics expenses disbursed during the relevant taxable year, an amount equivalent to 3/100 (or 5/100, in cases of small and medium enterprises) of the excess amount shall be deducted from income tax (limited to the income tax levied on business income) or corporate tax, notwithstanding paragraph (1); provided, the tax credit shall not exceed 10/100, if the deducted amount exceeds 10/100 of income tax or corporate tax for the relevant taxable year. <*Amended on Dec. 31, 2011; Dec. 23, 2014*>

(3) A small or medium enterprise or a middle-standing enterprise that intends to obtain a tax credit under paragraphs (1) and (2) shall file an application therefor, as prescribed by Presidential Decree. <*Amended on Dec. 31, 2011; Dec. 24, 2018*>

Article 104-15 (Special Taxation for Investment in Development of Overseas Resources)

(1) Where a business operator specializing in the development of overseas resources under subparagraph 5 of Article 2 of the Overseas Resources Development Business Act (hereafter in this Article, referred to as

"overseas resources development business operator"), makes any of the following investments or contributions from January 1, 2024 to December 31, 2026, to develop overseas resources pursuant to subparagraph 4 of that Article, the income tax (limited to income tax levied on business income) or corporate tax in the taxable year in which the relevant investment or contribution is made shall be reduced by the equivalent to 3/100 of the amount invested or contributed: Provided, That the same shall not apply where such investment or contribution is made through acquiring invested assets or equity shares of a national or a foreign affiliated company of a national (referring to a foreign corporation of which a national directly invests in 100/100 of total outstanding stocks or contributes to 100/100 of total equity capital; hereafter in this Article, the same shall apply): *<Amended on Dec. 27, 2010; Dec. 31, 2011; Dec. 31, 2023>*

1. Investment for acquiring a mining concession and a mining right by lease;
2. Investment for acquiring a mining concession or a mining right, which involves contributions prescribed by Presidential Decree to a foreign corporation;
3. Direct overseas investment in a foreign affiliated company of a national, which is prescribed by Presidential Decree pursuant to Article 3 (1) 18 (a) of the Foreign Exchange Transactions Act; provided, the same shall apply only where the foreign affiliated company of the national acquires a mining concession or a mining right by lease in the manner set forth in subparagraphs 1 and 2.

(2) Where a person granted a tax deduction pursuant to the main clause of paragraph (1) falls under any of the following cases, he or she shall pay the income tax or the corporate tax, by adding an additional amount equivalent to the interest calculated as prescribed by Presidential Decree to an amount that is prescribed by Presidential Decree and equivalent to the tax credit given for the relevant investment or contributions, at the time of filing a tax return for the taxable year in which the relevant ground arises. In such cases, the relevant tax amount shall be deemed payable under Article 76 of the Income Tax Act or 64 of the Corporate Tax Act. *<Amended on Dec. 31, 2023>*

1. Where he or she transfers or withdraws assets invested or equity shares invested under paragraph (1) before five years have passed from the date of investment or date of contribution;
2. Where he or she fails to acquire a mining right or a mining right by lease until the third anniversary from the date of investment or the date of contribution.

(3) A person who desires to become eligible for special taxation under paragraph (1), shall file an application therefor, as prescribed by Presidential Decree.

(4) Where an overseas resources development business operator acquires stocks or equity shares as a direct overseas investment under Article 3 (1) 18 of the Foreign Exchange Transactions Act with a subsidy granted pursuant to the Energy and Resources Special Account Act, such stocks or equity shares shall be deemed business assets under Article 36 (1) of the Corporate Tax Act, and may be included in deductible expenses, applying that Article mutatis mutandis.

Article 104-16 (Special Taxation for Financial Soundness of Universities and Colleges)

(1) Where an educational foundation established under the Higher Education Act transfers any of its primary assets for profit-making prescribed by Presidential Decree (hereinafter referred to as "primary assets for profit-making") to any third person and acquires another primary asset for profit-making within one year from the date of transfer, it may choose not to include an amount calculated by the formula prescribed by Presidential Decree, out of the gains from transfer of the previously-owned primary assets for profit-making in the gross income in calculating its income for the pertinent business year. In such cases, the amount shall be included in the gross income in an at least equally divided amount over a period of three business years from the business year in which the third anniversary of the last day of the business year in which the date of such transfer falls. *<Amended on Dec. 27, 2010; Jan. 1, 2014>*

(2) Where an educational foundation benefited from the special taxation under paragraph (1) but has not acquired another primary asset for profit-making, an amount calculated as prescribed by Presidential Decree shall be included in the gross income in calculating its income for the business year in which such cause occurred. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income.

(3) In the application of paragraphs (1) and (2), submission of a statement of gains from transfer, and other necessary matters shall be prescribed by Presidential Decree.

(4) An amount contributed by a corporation established through contribution of at least 50/100 of the total number of issued stocks by an educational foundation under the Higher Education Act, to the educational foundation (hereafter referred to as "contribution to the educational foundation" in this paragraph) shall be included in the deductible expenses up to an amount calculated by subtracting the amount referred to in subparagraph 2 from the amount referred to in subparagraph 1: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jan. 1, 2014; Dec. 24, 2018>*

1. The amount of income for the relevant business year (referring to the amount of income before the donation under Article 24 of the Corporate Tax Act is included in the deductible expenses);
2. The aggregate of deficits referred to in Article 13 (1) 1 of the Corporate Tax Act and the aggregate of the donations (excluding contribution to the educational foundation) under Article 24 of that Act.

Article 104-17 (Special Cases for Inclusion in Deductible Expenses at Time of Contribution of Dormant Deposits of Financial Institutions)

(1) Where a financial institution contributes dormant deposits to the Microfinance Foundation pursuant to Article 40 of the Microfinance Support Act by December 31, 2008, the financial institution shall include the amount contributed, in deductible expenses, when calculating the amount of income of the relevant taxable year. *<Amended on Mar. 22, 2016>*

(2) A financial institution who intends to be accorded special tax treatment under paragraph (1) shall submit a statement of contributions of dormant deposits in the form prescribed by Decree of the Ministry of Economy and Finance, along with its tax base of corporate tax in the relevant taxable year.

Article 104-18 Deleted. *<Dec. 29, 2020>*

Article 104-19 (Special Taxation for Land Acquired by Housing Construction Project Operators)

(1) Where any of the following project operators (hereafter in this Article, referred to as "housing construction project operator"), acquires a parcel of land to construct housing (including a parcel of land acquired by a person registered as a housing construction project operator before the tax base date of the comprehensive real estate holding tax for the relevant year after acquisition of the land) and is to obtain approval of the project plan for that parcel of land pursuant to the Housing Act within five years from the date of its acquisition, such parcel of land shall be deemed excluded from the scope of land subject to adding to tax base under Article 13 (1) of the Comprehensive Real Estate Holding Tax Act: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jan. 19, 2016; Feb. 8, 2017; Dec. 29, 2020>*

1. A housing construction project operator registered under the Housing Act;
2. A housing association established under Article 11 of the Housing Act and a project entity who is the employer;
3. A project implementer provided for in Articles 24 through 28 of the Act on the Improvement of Urban Areas and Residential Environments and Articles 17 through 19 of the Act on Special Cases concerning Unoccupied House or Small-Scale Housing Improvement;
4. A corporation referred to in Article 104-31 (1).

(2) Any person who intends to be eligible for paragraph (1) shall report on his or her land-holding status to the head of a tax office having jurisdiction over the place of tax payment from September 16 to 30 of the relevant year, as prescribed by Presidential Decree.

(3) Where a housing construction project operator fails to obtain approval of the project plan to construct housing pursuant to the Housing Act within five years from the date of acquisition of land pursuant to paragraph (1), comprehensive real estate holding tax and an additional amount equivalent to interest shall be additionally collected from the housing construction project operator, as prescribed by Presidential Decree.

Article 104-20 (Special Taxation for Capital Gains Tax following Implementation of Industrial Complex Development Projects)

(1) With regard to implementing an industrial complex development project pursuant to the Industrial Sites and Development Act, where a resettled resident under Article 36 of that Act (limited to persons who have resided in a residential building provided for the relevant project for at least 2 years retrospectively from the approval date of the detail design for the relevant project), transfers a housing site for resettlement parceled out as resettlement measures (limited to a housing site with the parceling-out price not exceeding 100 million won), by no later than December 31, 2012, the tax rate prescribed in Article 104 (1) 1 of the Income Tax Act shall apply to income accruing from such transfer, notwithstanding Article

104 (1) 2 and 3 of that Act. *<Amended on Dec. 31, 2011>*

(2) Any person who intends to be granted special taxation under paragraph (1), shall submit, to the head of the tax office having jurisdiction over the place of tax payment, the following documents along with a tax return (including preliminary return) of the taxable year in which the relevant housing site for resettlement is transferred:

1. Any documents verifying that a resettled resident has been resided in a residential building provided for the relevant project for at least two years;
2. A copy of parceling-out contract of the housing site for resettlement concluded with a project implementer.

Article 104-21 (Special Taxation for Corporate Tax on Consolidation of Korea National Housing Corporation and Korea Land Corporation)

(1) Where the Korea Land and Housing Corporation is established following consolidation under Article 7 of the Addenda to the Korea Land and Housing Corporation Act, an amount equivalent to the deemed dividend or distributed amount under Article 16 (1) 5 of the Corporate Tax Act of the stockholders, etc. of the Korea National Housing Corporation and the Korea Land Corporation may be included in the deductible expenses in calculating the amount of income for the business year to which the date of consolidation registration belongs, as prescribed by Presidential Decree. In such cases, matters necessary for the calculation of the amount to be included in the deductible expenses and gross income, and method of inclusion thereof, detailed statement of deemed amount of dividend or distributed amount, etc. shall be prescribed by Presidential Decree. *<Amended on Jun. 9, 2020>*

(2) Where the Korea Land and Housing Corporation is established following consolidation under Article 7 of Addenda of the Korea Land and Housing Corporation Act, and even where it falls under the cases that the stockholders, etc. of the Korea National Housing Corporation and the Korea Land Corporation have shared profit with other stockholders, etc. who are affiliated persons in the process of consolidation by evaluating the stocks, etc. at a price lower than the market value, Article 52 of that Act shall not apply to the stockholders, etc. who have shared profit, and such profit received by the other stockholders, etc. shall not be deemed gross income under Article 15 of the Corporate Tax Act. *<Amended on Dec. 31, 2011>*

(3) Notwithstanding Article 49 of the Corporate Tax Act, the Korea Land and Housing Corporation established following consolidation under Article 7 of the Addenda to Act No. 9706, the Korea Land and Housing Corporation Act, shall succeed to the amount that has not been included in the gross income or deductible expenses in calculating the amount of income and tax base for each business year of the Korea National Housing Corporation and the Korea Land Corporation dissolved as prescribed in that Article. *<Added on May 14, 2010; Jun. 9, 2020>*

Article 104-22 (Special Taxation for Establishment and Operation of Corporate Sport Teams)

(1) Where a domestic corporation establishes a sport team for any event prescribed by Presidential Decree (hereafter in this Article, referred to as "sport team"), the equivalent to 10/100 of the expenses prescribed by Presidential Decree out of the expenses incurred in operating the relevant sport team, shall be deducted from corporate tax for the business year in which the date of establishment falls and until the two subsequent business years from the date the immediately following business year commences. *<Amended on Jan. 1, 2014>*

(2) Where a domestic corporation establishes a sport team for persons with disabilities prescribed by Presidential Decree (hereafter in this Article, referred to as "sport team for persons with disabilities"), the equivalent to 20/100 of the expenses prescribed by Presidential Decree out of the expenses incurred in operating the relevant sport team for persons with disabilities, shall be deducted from corporate tax for the business year in which the date of its establishment falls and until the four subsequent business years from the date the immediately following business year commences. *<Added on Jan. 1, 2014>*

(3) Where a domestic corporation establishes a team for the games prescribed by Presidential Decree, among e-sports games under the Act on Promotion of E-Sports (Electronic Sports), an amount equivalent to 10/100 of the expenses prescribed by Presidential Decree, among expenses incurred in the operation of the e-sports team for the business year in which the team is established and the business years ending within two years from the commencement date of the business year immediately following the business year in which the team is established, shall be deducted from corporate tax. *<Added on Dec. 28, 2021>*

(4) A domestic corporation that wishes to be granted a tax credit under paragraphs (1) through (3) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2014; Dec. 28, 2021>*

(5) Where a domestic corporation granted a tax credit under paragraphs (1) through (3) disbands a sport team, a sport team of persons with disabilities, or an e-sports team within three years (or within five years in cases of a sport team of persons with disabilities) from the date of establishment of the sport team, sport team of persons with disabilities, or an e-sports team or fails to meet the requirements prescribed by Presidential Decree concerning the composition, etc. of sport teams, it shall pay an amount calculated by adding the equivalent to the interest calculated as prescribed by Presidential Decree to the tax amount deducted under paragraphs (1) through (3), as corporate tax, when filing the tax return for the relevant business year. *<Amended on Jan. 1, 2014; Dec. 28, 2021>*

Article 104-23 (Exclusion of Amount Transferred to Bad Debt Allowances from Gross Incomes in Cases of Domestic Corporations Subject to Application of International Financial Reporting Standards)

(1) Where a domestic corporation or a foreign corporation having a domestic place of business under Article 94 of the Corporate Tax Act (hereafter in this Article, referred to as "domestic corporation, etc."), first applies the accounting standards referred to in Article 5 (1) 1 of the Act on External Audit of Stock Companies (hereafter in this Article, referred to as "International Financial Reporting Standards") prior to the business year in which December 31, 2014 falls, it may choose not to include an amount less an

amount under subparagraph 2 from an amount under subparagraph 1 when calculating the amount of income accruing in the relevant business year: *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 31, 2017; Dec. 24, 2018>*

1. The balance of bad debt allowances in the immediately preceding business year that need to be included in the gross income pursuant to Article 34 (3) of the Corporate Tax Act;
2. An amount of bad debt allowances included in deductible expenses of the relevant business year pursuant to Article 34 (1) of the Corporate Tax Act.

(2) Where an amount to be included in deductible expenses under Article 34 (1) of the Corporate Tax Act in the immediately following business year, exceeds an amount to be included in the gross income under paragraph (3) of that Article, an amount that is not included in the gross income under paragraph (1) shall offset such excess; and the balance after such offset shall be included in the gross income, when calculating the amount of income to accrue in the first-commencing business year on or after January 1, 2015. *<Amended on Dec. 31, 2011; Jan. 1, 2014; Dec. 24, 2018>*

(3) A domestic corporation, etc. that seeks the benefit of paragraph (1) shall submit an application for non-inclusion of bad debt allowances in the gross income determined by Decree of the Ministry of Economy and Finance, to the head of the tax office having jurisdiction over the place of tax payment, when filing a tax return of the business year in which it first applies the International Financial Reporting Standards. *<Amended on Dec. 31, 2011>*

Article 104-24 (Tax Reduction or Exemption for Overseas Korean Enterprises on their Return to Korea)

(1) Where a person prescribed by Presidential Decree, including a Korean national, falls under any of the following cases and commences a business or establishes or extends (limited to cases where the income accrued from the extended section is separately accounted for) a place of business in the Republic of Korea (excluding the over-concentration control region of the Seoul Metropolitan area; hereafter in this Article and Article 118-2, the same shall apply) by December 31, 2027, such person shall be granted a reduction or exemption of income tax or corporate tax pursuant to paragraph (2) or (3): *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Mar. 23, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. Where he or she relocates his or her overseas place of business operated for at least two consecutive years, to the Republic of Korea, as prescribed by Presidential Decree;
2. Where a national returns to the Republic of Korea, as prescribed by Presidential Decree, partially downsizing or maintaining its overseas place of business that has been operated for at least two consecutive years.

(2) In cases of paragraph (1) 1, income tax or corporate tax on the income accrued from the place of business after so relocating (in cases where the existing place of business is extended, referring to the income accrued from the extended section) and prescribed by Presidential Decree shall be fully exempted, for the taxable year in which the income accrues first from the place of business (in cases where the

existing place of business is extended, referring to the extended section) after the date of relocation (or for the taxable year in which the fifth anniversary falls from the date of relocation, if no income accrues until the taxable year in which the fifth anniversary falls from the date of relocation) and the taxable years ending within 6 years form the commencement date of the taxable year immediately following the taxable year in which the income accrues first and shall be reduced by 50/100 of income tax or corporate tax for the 3 subsequent taxable years thereafter. *<Amended on Jan. 1, 2013; Dec. 23, 2014; Mar. 23, 2020; Dec. 29, 2020; Dec. 31, 2023>*

(3) In cases falling under paragraph (1) 2, income tax or corporate tax on the income accrued from the place of business after so returning (in cases where the existing place of business is extended, referring to the income accrued from the extended section) and prescribed by Presidential Decree shall be fully exempted, for the taxable year in which the income accrues first from the place of business (in cases where the existing place of business is extended, referring to the extended section) after the date of returning (or for the taxable year in which the fifth anniversary falls from the date of returning, if no income accrues until the taxable year in which the fifth anniversary falls from the date of returning) and the taxable years ending within 6 years (or 2 years, in cases where a business is newly established or a place of business is newly established or extended in an area within the Seoul Metropolitan area) from the commencement date of the taxable year immediately following the taxable year in which the income accrues first and shall be reduced by 50/100 of income tax or corporate tax for the three subsequent taxable years thereafter (or 2 years, in cases where a business is newly established or a place of business is newly established or extended in an area within the Seoul Metropolitan area). *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 24, 2018; Mar. 23, 2020; Dec. 29, 2020; Dec. 31, 2023>*

(4) Where a national granted a reduction or exemption of income tax or corporate tax under paragraph (1), falls under any of the following cases, he or she shall pay the amount of tax calculated as prescribed by Presidential Decree, as income tax or corporate tax, when filing his or her tax return of the taxable year in which such ground arises: *<Amended on Jan. 1, 2013; Mar. 23, 2020; Dec. 29, 2020>*

1. Where the national closes his or her business or the extended section or his or her corporation is dissolved within three years from the date the business commences (including extension of the existing place of business; hereafter in this paragraph, the same shall apply) after relocating or returning; provided, this shall not apply to a merger, division, or merger through division;
2. Where the national fails to transfer or close the place of business operated in a foreign country, as prescribed by Presidential Decree.
3. Where a person who reduced a place of business operated in a foreign country extends the place of business again after receiving a tax reduction or exemption under paragraph (3), as prescribed by Presidential Decree.

(5) Article 63 (3) shall apply mutatis mutandis to an additional amount equivalent to interest when paying the amount of income tax or corporate tax reduced or exempted under paragraph (1) as prescribed in paragraph (4). *<Added on Jan. 1, 2013; Dec. 29, 2020>*

(6) A national who intends to be subject to paragraph (1) shall fall under any of the following subparagraphs. *<Added on Dec. 31, 2023>*

1. Where the type of business engaged at the place of business before the relocation or reinstatement is the same as the type of business engaged at the place of business after the relocation or reinstatement based on the subdivision under the Korean Standard Industrial Classification;

2. Where the similarity of business type is confirmed by the committee for supporting repatriating enterprises under the Act on Assistance to Korean Off-Shore Enterprises in Repatriation, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), applications for tax reductions or exemptions, the scope of extension, separate accounting, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Jan. 1, 2013; Mar. 23, 2020; Dec. 31, 2023>*

Article 104-25 (Tax Credits for Electronic Commerce of Petroleum Products)

(1) Where a person designated by Presidential Decree, among petroleum distributors under the Petroleum and Alternative Fuel Business Act, is supplied with petroleum products under that Act through an electronic payment network prescribed by Presidential Decree, by December 31, 2025, the person is entitled to deduct an amount equivalent to 3/1000 of the supply price (referring to the supply price under Article 29 of the Value-Added Tax Act) from income tax (limited to income tax on business income) or corporate tax for the taxable year in which the person is supplied with such petroleum products (referring to the date goods are supplied under Article 15 of the Value-Added Tax Act); provided, if the amount of deduction exceeds 10/100 of income tax or corporate tax for the relevant taxable year, such excess shall be deemed nil. *<Amended on Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

1. Deleted. *<Dec. 31, 2019>*

2. Deleted. *<Dec. 31, 2019>*

(2) A national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 104-26 (Inclusion of Claims in Deductible Expenses Following Revocation of Authorization for Establishment of Rearrangement Project Associations)

(1) Where a designer, constructor or specialized manager of a rearrangement project (hereafter referred to as "constructor, etc." in this Article) renounces claims against a promoters' committee or an association (including a joint and several surety; hereafter referred to as "association, etc." in this Article) as follows by not later than December 31, 2027, when approval for the promoters' committee or authorization to establish the association has been revoked pursuant to Article 22 of the Act on the Improvement of Urban Areas and Residential Environments, the constructor, etc. may include the value of such claims in deductible expenses when computing the amount of income for the relevant business year: *<Amended on Dec. 15, 2015; Feb. 8, 2017; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2024>*

1. Where the constructor, etc. submits a certificate of claims under Article 133 of the Act on the Improvement of Urban Areas and Residential Environments to the head of the relevant Si/Gun, and renounces claims against the association, etc. prescribed in the certificate of claims;

2. Where the constructor, etc. renounces all claims against the association, etc., as prescribed by Presidential Decree.

(2) No profit that an association, etc. acquires by renouncing claims pursuant to paragraph (1) shall be deemed a donation under Inheritance Tax and Gift Tax Act or gross income under the Corporate Tax Act.

Article 104-27 Deleted. *<Dec. 19, 2017>*

Article 104-28 (Special Taxation for 2018 PyeongChang Olympic and Paralympic Winter Games)

(1) No corporate tax shall be levied on any income accruing to any of the following foreign organizations directly involved in operating the 2018 PyeongChang Olympic and Paralympic Winter Games (hereafter in this Article, referred to as the "Games"), by not later than December 31, 2018, in connection with the operation of the Games: *<Amended on May 29, 2016>*

1. The International Olympic Committee or the International Paralympic Committee;

2. The Olympic Committee or Paralympic Committee of each participating country;

3. The Olympic Broadcasting Services established by the International Olympic Committee to provide facilities and services necessary for broadcasting the Games;

4. Foreign corporations prescribed by Presidential Decree, such as foreign corporations (limited to foreign corporations having no business establishment in the Republic of Korea) that provide money, goods, and services to the International Olympic Committee or the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games, in consideration for the license for using the emblem of the International Olympic Committee under an agreement with the International Olympic Committee.

(2) No income tax shall be levied on any income accruing to any of the following non-residents recognized by the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games as participating in the Games or engaging in activities related to the operation of the Games, by not later than December 31, 2018, in connection with the participation in, or the operation of, the Games: *<Amended on May 29, 2016>*

1. Members or executives and employees of the foreign organizations referred to in paragraph (1);

2. Athletes, managers, coaches, referees, or operating staff members for competitions;

3. Persons who participate in the Games for events, performances, etc. and persons who engage in activities related to the operation of the Games.

(3) If a foreign corporation prescribed by Decree of the Ministry of Economy and Finance, that provides services, such as measuring the time of competitions in the Games and recording the results of competitions, has a temporary business establishment in the Republic of Korea to provide such services,

the foreign corporation shall not be deemed to have a business establishment in the Republic of Korea until December 31, 2018, notwithstanding Article 94 of the Corporate Tax Act.

(4) If a person prescribed by Decree of the Ministry of Economy and Finance, among those referred to in paragraph (2), has a domicile or abode temporarily in the Republic of Korea, the person shall not be deemed a resident until December 31, 2018, notwithstanding Article 1-2 (1) 1 of the Income Tax Act.

(5) If a business operator is provided with any rights, etc. related to the Games designated by the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games by not later than December 31, 2018, in consideration of the goods or services supplied to the Organizing Committee for the 2018 PyeongChang Olympic and Paralympic Winter Games, the business operator is entitled to deduct an amount calculated by multiplying the supply price by 9/109, as his or her input tax amount, from his or her output tax pursuant to Articles 37 (1) and 38 of the Value-Added Tax Act. *<Added on Sep. 12, 2017>*

(6) Those eligible for deduction of input tax amount under paragraph (5), methods for deduction thereof, procedures for filing applications therefor, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Sep. 12, 2017>*

Article 104-29 (Special Taxation on 2019 Gwangju FINA World Aquatics Championships)

(1) Where, in consideration of the goods or services supplied to the Organizing Committee established under Article 9 of the International Athletic Games Support Act, for the FINA World Aquatics Championships to be held in the Republic of Korea in 2019 under supervision of the International Swimming Federation (hereinafter referred to as the "Organizing Committee for 2019 Gwangju FINA World Aquatics Championships"), an entrepreneur is provided with any rights, etc. related to the Games designated by the Organizing Committee for 2019 Gwangju FINA World Aquatics Championships, an amount calculated by multiplying the supply price by 9/109 may be deducted as his or her input tax amount from his or her output tax amount pursuant to Articles 37 (1) and 38 of the Value-Added Tax Act.

(2) Those eligible for deduction of input tax amount under paragraph (1), methods for deduction thereof, and matters necessary for filing applications therefor shall be prescribed by Presidential Decree.

Article 104-30 (Tax Credits on Shipping Companies Certified as Excellent Shipping Companies)

(1) If a company designated by Presidential Decree (hereafter in this Article, referred to as "shipper company"), among shipper companies certified as excellent shipping companies and shippers under Article 47-2 of the Marine Transportation Act (limited to the companies registered as international logistics brokerage business entities under Article 43 (1) of the Framework Act on Logistics Policies), meets all of the following requirements, an amount calculated by adding an amount equivalent to 3/100 of an increase in transportation expenses, as compared to the immediately preceding taxable year, to an amount equivalent to 1/100 of the freight charges disbursed to providers of scheduled overseas cargo transportation services referred to in Article 25 (1) of the Marine Transportation Act for exportation and

importation (hereafter in this Article, referred to as "providers of scheduled overseas cargo transportation services") by December 31, 2025 shall be deducted from income tax (limited to income tax on business income) or corporate tax for the taxable year in which such freight charges were disbursed; provided, if such deductible amount shall be limited to 10/100 of income tax or corporate tax for the relevant taxable year if the amount exceeds 10/100 of income tax or corporate tax: *<Amended on Dec. 31, 2022>*

1. The sea freight charges disbursed by the shipper company to providers of scheduled overseas cargo transportation services during the relevant taxable year are at least 40/100 of total amount of see freight charges;

2. The ratio of the sea freight charges disbursed to providers of scheduled overseas cargo transportation services to sea freight charges disbursed by the shipper company during the relevant taxable year has increased, as compared to the immediately preceding taxable year.

(2) A national who wishes to be granted a tax credit pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(3) For the purposes of paragraphs (1) and (2), calculation of freight charges and other necessary matters shall be prescribed by Presidential Decree.

Article 104-31 (Income Deductions for Project Financing Investment Companies)

(1) Where a corporation that meets all of the following requirements, among investment companies similar to the investment companies referred to in Article 51-2 (1) 1 through 8 of the Corporate Tax Act distributes 90/100 or more of distributable profit prescribed by Presidential Decree (hereafter in this Article, referred to as "distributable profit") for a business year ending on or before December 31, 2025, the amount (hereafter in this Article, referred to as "distributed amount") shall be deducted from the income for the business year subject to the appropriation of a surplus fund on which the distribution was resolved: *<Amended on Dec. 31, 2022>*

1. It is a company that manages its assets by investing the assets in plant and equipment, social overhead capital facilities, development of resources, and other specific projects that require a considerable period of time and fund and distributes profits therefrom to stockholders;

2. It does not have any business establishment other than the main office nor has any employee or full-time executive officer;

3. It is a company established for a limited period, and the duration of continuance is not less than two years;

4. It is a stock company under the Commercial Act or any other Act, established by incorporators;

5. Incorporators do not fall under any subparagraph of Article 4 (2) of the Corporate Restructuring Investment Companies Act and meet the requirements prescribed by Presidential Decree;

6. No director falls under any subparagraph of Article 12 of the Corporate Restructuring Investment Companies Act;

7. Auditors meet the requirements of Article 17 of the Corporate Restructuring Investment Companies Act. In such cases, "corporate restructuring investment company" shall be construed as "company";

8. It meets the requirements prescribed by Presidential Decree concerning the size of capital, asset management work, the entrustment of asset management work, the reporting of establishment, etc.

(2) Paragraph (1) shall not apply to the cases falling under any subparagraph of Article 51-2 (2) of the Corporate Tax Act.

(3) In applying paragraph (1), if the dividend amount first exceeds the amount calculated by subtracting the losses carried forward under Article 13 (1) 1 of the Corporate Tax Act (hereafter referred to as "carried-forward losses" in this Article) from the income amount for the relevant business year, such excess amount may be carried forward to each business year ending within 5 years from the commencement date of the business year following the relevant business year, and deducted from the income amount of the business year in which it is carried forward; provided, in cases where a domestic corporation fails to distribute 90/100 or more of distributable profits in the business year carried forward, the amount carried forward shall not be deducted. *<Added on Dec. 31, 2022; Dec. 31, 2024>*

(4) If the dividends for the business year following the business year in which the losses are carried forward for the first time under the main clause of paragraph (3) exceeds the amount calculated by subtracting the carried-forward losses and the amount carried forward to the relevant business year in order (if the relevant amount is less than zero, zero, referring to zero) from the incomes for the relevant business year, such excess may be carried forward to each business year ending within 5 years from the commencement date of the business year following the relevant business year, and deducted from the incomes for the business year carried forward; provided, if a domestic corporation fails to distribute at least 90/100 of the profits available for dividends in the business year carried forward, the amount carried forward shall not be deducted. *<Added on Dec. 31, 2024>*

(5) Where the amount carried forward pursuant to the main clauses of paragraphs (3) and (4) (hereafter referred to as "carried-forward deductible dividends" in this Article) is deducted from the income amount for the relevant business year, it shall be deducted as follows: *<Added on Dec. 31, 2022; Dec. 31, 2024>*

1. The carried-forward deductible dividends shall be deducted prior to the amount of dividends in the relevant business year;

2. If there are two or more carried-forward deductible dividends, the deduction shall be made from the amount of dividends carried forward that accrues first.

(6) A person who wishes to be granted an income deduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2022; Dec. 31, 2024>*

Article 104-32 (Tax Credits for Submission of Tax Data concerning Service Providers)

(1) Where a person who is obliged to submit tax data concerning service providers under Article 173 (1) of the Income Tax Act (hereafter in this Article, referred to as "tax data") submits tax data concerning services from which any revenue or income accrues, within the deadline specified in that paragraph

through the Home Tax Service Network defined in subparagraph 19 of Article 2 of the Framework Act on National Taxes by December 31, 2026, the amount prescribed by Presidential Decree in consideration of the number of service providers, etc. under Article 173 (1) of the Income Tax Act shall be deducted from income tax (limited to income tax on business income) or corporate tax for the taxable year in which the month during which the revenue or income accrues for the relevant services falls. *<Amended on Dec. 31, 2023>*

(2) Grant of tax credits under paragraph (1), the method of applying for the tax credits, and other necessary matters shall be prescribed by Presidential Decree.

Article 104-33 (Special cases concerning inclusion of loans paid to overseas construction subsidiaries in deductible expenses)

(1) Where a domestic corporation that is an overseas construction business operator under subparagraph 5 of Article 2 of the Overseas Construction Promotion Act appropriates an allowance for bad debt as a loss expense to cover bad debts of claims prescribed by Presidential Decree, which are claims on its overseas construction subsidiaries prescribed by Presidential Decree (hereinafter referred to as "overseas construction subsidiaries"), which amount to loans and interest on loans, and any other similar there to, which meet all of the following requirements (hereafter referred to as "loan money, etc." in this Article), the allowance for bad debts may be included in deductible expenses up to the amount calculated under paragraph (2) when calculating the amount of income for the relevant business year.

1. It shall have been used for construction or operating funds of an overseas construction subsidiary;
2. It shall not be the amount falling under article 28 (1) 4 (b) of the Corporate Tax Act;
3. Loans paid before December 31, 2022, which have not been recovered even after five years have elapsed from the initial collection date;
4. It shall fall under the cases prescribed by presidential decree, which are deemed to be remarkably difficult to collect debts, such as where an overseas construction subsidiary has continuously eroded capital during 10 years immediately preceding the end date of the business year in which a domestic corporation which is an overseas construction business operator included the allowance for bad debts in deductible expenses (referring to the case where the amount obtained by subtracting the total liabilities from the total assets as at the end of the business year is zero or less than zero).

(2) The limit of the allowance for bad debts under paragraph (1) shall be the amount calculated by subtracting the book value of the net assets of the overseas construction subsidiary (referring to the book value of net assets excluding borrowings, etc.; if it is less than zero, it shall be zero) from the balance of claims, such as loans, etc. as at the end date of the relevant business year, and the multiplying the subtracted amount by the rate of inclusion in deductible expenses under paragraph (3).

(3) In calculating the limit on deductible expenses under paragraph (2), the rate of inclusion in deductible expenses for the business year to which January 1, 2024 belongs shall be 10/100, and the rate of deductible expenses for subsequent business years shall be the rate added by 10/100 from the rate of

deductible expenses for the business year up to 100/100 each year.

(4) Where a domestic corporation that has included the appropriation for bad debts in deductible expenses under paragraph (1) has any bad debts incurred to the loans, etc., such bad debts shall be first offset by its appropriation for bad debts included in deductible expenses under paragraph (1), and the balance of the appropriation for bad debts after offsetting such bad debts shall be subsequently included in gross income when calculating the amount of income for the following business year.

(5) Procedures for applying for special cases of inclusion of loans, etc. in deductible expenses under paragraph (1), documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

Article 104-34 (Special Taxation on Capital Gains from Transfer of Construction Machinery)

(1) If a resident with business income, who is a construction machinery business entity under Article 24 of the Construction Machinery Management Act and others who meet the requirements prescribed by Presidential Decree, transfers construction machinery prescribed by Presidential Decree (hereinafter referred to as "construction machinery" in this Article) and acquires other construction machinery during the taxable period in which the date of transfer falls, the amount prescribed by Presidential Decree out of the capital gains accruing from the transfer of the construction machinery he or she owned (limited to one unit) (hereinafter referred to as "capital gains amount" in this Article) may not be included in the total income amount under Article 24 (1) of the Income Tax Act when calculating the business income amount for the relevant taxable period. In this case, the capital gains amount not included in the total income amount shall be evenly divided over three taxable periods starting from the taxable period following the taxable period in which the date of transfer of the construction machinery falls and included in the total income amount.

(2) A resident subject to paragraph (1) shall not be entitled to the application of paragraph (1) with respect to the capital gains amount of other construction machinery for 5 taxable periods starting from the taxable period following the taxable period in which the transfer date of the relevant construction machinery falls.

(3) Where any cause prescribed by Presidential Decree occurs, such as closure or dissolution of business, before a resident subject to paragraph (1) includes the total capital gains amount in gross income pursuant to the latter part of the same paragraph, the capital gains amount not included in the gross income shall be included in the gross income when calculating the business income for the taxable period in which the date the relevant cause occurs falls. In such cases, when filing a final return on tax base for the taxable period in which the date the relevant cause occurs, an additional amount equivalent to interest calculated as prescribed by Presidential Decree shall be added to income tax, and the amount of tax shall be deemed the amount of tax to be paid pursuant to Article 76 of the Income Tax Act.

(4) In applying paragraphs (1) through (3), the submission of a statement of capital gains on the construction machinery, a statement on the acquisition of construction machinery, and a statement of adjustment to be included in the total revenue in installments, and other necessary matters shall be

prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

CHAPTER III INDIRECT NATIONAL TAXES

Article 105 (Application of Zero Rate of Value-Added Tax)

(1) A zero tax rate shall apply to the value-added tax on the supply of any of the following goods or services, as prescribed by Presidential Decree. In this regard, for the services specified in subparagraphs 3 and 3-2, the foregoing provision shall apply only to those supplied by not later than December 31, 2026; and for the goods specified in subparagraphs 5 and 6, the foregoing provision shall apply only to those supplied by not later than December 31, 2025: *<Amended on Dec. 31, 2011; Jun. 1, 2012; Jan. 1, 2013; Jun. 7, 2013; Jan. 1, 2014; Dec. 23, 2014; Jan. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Jun. 9, 2020; Dec. 29, 2020; Dec. 28, 2021; Jan. 4, 2022; Dec. 31, 2022; Dec. 31, 2023>*

1. Defense materials (including those used for operational purposes by the police) supplied under the Defense Acquisition Program Act by defense contractors designated under the abovementioned Act, test products produced and supplied by enterprises requiring intensive management designated under the Act on Emergency Preparedness and services provided through the mobilization of resources;

2. Petroleum products supplied to the military units and institutions established under the Act on the Act on the Organization of the Republic of Korea Armed Forces (excluding those supplied to golf courses and other similar sports facilities prescribed by Presidential Decree, among those supplied to the sports facilities defined under subparagraph 4 of Article 2 of the Framework Act on Military Welfare);

3. Urban railway construction services directly provided to any of the following entities:

(a) The State or local governments (excluding cases where such services are provided pursuant to Article 106 (1) 7-2);

(b) The Urban Railroad Corporation subject to the Urban Railroad Act (limited to where it can construct urban railroads under ordinances of local governments);

(c) The Korea National Railway established under the Korea National Railway Act;

(d) Any concessionaire defined under subparagraph 8 of Article 2 of the Act on Public-Private Partnerships in Infrastructure;

(e) The Korea Railroad Corporation established under the Korea Railroad Corporation Act;

3-2. Infrastructure defined in subparagraph 1 of Article 2 of the Act on Public-Private Partnerships in Infrastructure or construction services for such infrastructure, which are provided by any concessionaire defined in subparagraph 8 of Article 2 of that Act to the State or local governments by any of the methods provided for in subparagraphs 1 through 3 of Article 4 of that Act in order to run a business on which the value-added tax is levied;

4. Assisting devices for persons with disabilities, special information and communications devices for persons with disabilities, and special applications software prescribed by Presidential Decree which is necessary for persons with disabilities to use such information and communications devices;

5. Any of the following machinery or materials for agriculture, livestock industry, or forestry, which are supplied to farmers and persons engaging in forestry and prescribed by Presidential Decree (including those supplied by the State, local governments, cooperatives and their federations established under the Agricultural Cooperatives Act, the Tobacco Producers Cooperatives Act, or the Forestry Cooperatives Act and the NongHyup Agribusiness Group established under the Agricultural Cooperatives Act and its subsidiaries):

(a) Fertilizers prescribed under the Fertilizer Control Act and prescribed by Presidential Decree;

(b) Pesticides prescribed under the Pesticide Control Act and prescribed by Presidential Decree;

(c) Farming machinery prescribed by Presidential Decree which can supplement insufficient workforce in agricultural villages and contribute to increasing agricultural productivity;

(d) Machinery and materials for the livestock industry prescribed by Presidential Decree which can supplement insufficient workforce in the livestock industry and contribute to increasing the productivity of the livestock industry;

(e) Animal feed prescribed under the Control of Livestock and Fish Feed Act (excluding the animal feed exempt from the value-added tax under Article 26 of the Value-Added Tax Act);

(f) Machinery and materials for forestry prescribed by Presidential Decree which can contribute to protecting and promoting the development of forests;

(g) Materials for organic farming and fishery prescribed under the Act on the Promotion of Environment-Friendly Agriculture and Fisheries and the Management of and Support for Organic Foods, which are prescribed by Presidential Decree;

6. Any of the following fishing machinery and materials to be used in both coastal or inshore fishing and inland water fishing and supplied to fishermen prescribed by Presidential Decree (including those supplied by cooperatives and fishing village mutual savings clubs established under the Fisheries Cooperatives Act, and by cooperatives and their federation established under the Agricultural Cooperatives Act):

(a) Animal feed prescribed under the Control of Livestock and Fish Feed Act (excluding the animal feed exempt from the value-added tax under Article 26 of the Value-Added Tax Act);

(b) Other items prescribed by Presidential Decree.

(2) Where any person, other than the farmers referred to in paragraph (1) 5, has been provided with the machinery and materials for the livestock industry and animal feed referred to in items (d) and (e) of that subparagraph (hereafter in this paragraph referred to as "machinery and materials for the livestock industry, etc.") under fraudulent application of the zero rate of value-added tax, the head of the competent tax office shall additionally collect from the person provided with such machinery and materials for the livestock industry, etc. the value-added tax equivalent to 10/100 of the supply price of such machinery and

materials for the livestock industry, etc. and penalty tax equivalent to 10/100 of such tax.

Article 105-2 (Special Cases for Refund of Value-Added Tax on Machinery and Materials for Agriculture, Forestry, and Fisheries)

(1) The head of any of the following tax offices (hereafter referred to as "head of the competent tax office" in this Article) may refund the value-added tax paid at the time of purchasing or importing the machinery and materials prescribed by Presidential Decree to farmers or fishermen, among the machinery and materials purchased or directly imported by farmers, persons engaging in forestry and fishermen prescribed by Presidential Decree (hereafter referred to as "farmers or fishermen" in this Article) for using them in agriculture, forestry, or fisheries (limited to machinery and materials purchased from a general taxable person defined under subparagraph 5 of Article 2 of the Value-Added Tax Act): *<Amended on Dec. 31, 2011; Jun. 7, 2013; Dec. 23, 2014>*

1. Where an application for refund is filed by a tax refund agent referred to in paragraph (3), the head of the competent tax office having jurisdiction over the business place of the tax refund agent;
2. In any case other than those of subparagraph 1, the head of the competent tax office having jurisdiction over the place of business of the relevant farmer or fisherman.

(2) Upon receipt of a request from a farmer or fisherman who purchases machinery or materials, a general taxable person who supplies the machinery and materials under paragraph (1) shall issue a tax invoice to the farmer or fisherman, notwithstanding Article 36 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013; Dec. 23, 2014>*

(3) Any farmer or fisherman who intends to claim a refund under paragraph (1) shall file an application for refund through any of the following persons (hereafter referred to as "tax refund agent" in this Article); provided, the persons prescribed by Presidential Decree may file an application for refund directly with the head of the competent tax office having jurisdiction over the place of business: *<Amended on Dec. 23, 2014; Dec. 15, 2015>*

1. A cooperative established under the Agricultural Cooperatives Act;
2. A cooperative established under the Fisheries Cooperatives Act;
3. A tobacco producers cooperative established under the Tobacco Producers Cooperatives Act;
4. A cooperative established under the Forestry Cooperatives Act;

(4) The tax refund agent shall give notice to the head of the competent tax office if an applicant for refund falls under either of the following: *<Amended on Dec. 23, 2014>*

1. If he or she is deemed not to be a farmer or fisherman;
2. If he or she is deemed to have filed by fraudulent or other illegal means, considering the farming area of the relevant farmer or fisherman, the size of his or her facilities, etc.

(5) Where any of the following applies to a farmer or fisherman who has obtained a refund of value-added tax under paragraph (1), the head of the competent tax office shall collect, as value-added tax, an amount equivalent to the interest calculated by the formula prescribed by Presidential Decree and the refunded

value-added tax: <*Amended on Dec. 23, 2014; Dec. 29, 2020*>

1. If the farmer or fisherman fails to use the machinery and materials on which the value-added tax has been refunded under paragraph (1) for the intended purpose or transfers them to any person other than farmers or fishermen;

2. If the farmer or fisherman has obtained a refund of value-added tax with any of the tax invoices:

(a) A tax invoice issued without any provision of goods;

(b) A tax invoice issued in the name of other business place than that of providing the goods;

(c) A tax invoice issued after the deadline for filing a final return for the taxable period in which the time of provision of the goods falls;

(d) A tax invoice issued properly but altered by the relevant farmer or fisherman without authorization;

(e) Other tax invoices prescribed by Presidential Decree, containing a false statement;

3. Where a person who is not qualified as a farmer or fisherman has obtained a refund of value-added tax under paragraph (1).

(6) Where paragraph (5) 3 is applicable as a tax refund agent fails to give notice under paragraph (4), the head of the competent tax office shall collect, from the tax refund agent, an amount equivalent to 10/100 of the refunded tax as a penalty tax.

(7) Where a farmer or fisherman falls under either of the following, he or she shall not obtain a refund under paragraph (1) for two years from the date of notice of the additional amount of tax that satisfies relevant requirements: <*Amended on Dec. 23, 2014*>

1. If any value-added tax has been additionally collected on at least three occasions within the latest two years under paragraph (5);

2. If the aggregate of the amount of tax additionally collected under paragraph (5) is at least two million won, which exceeds the amount prescribed by Presidential Decree.

(8) A tax refund agent may, in relation to the agent service for refund of value-added tax, collect the amount prescribed by Presidential Decree as a fee from persons receiving the refund in order to use it for the preparation and submission of applications for refund, keeping the refund management ledger, distribution of refunded money, etc.

(9) For the purposes of paragraphs (1) through (8), refund procedures, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

Article 105-3 (Special cases concerning refund of value-added tax on motor vehicles for transportation business)

(1) The head of the tax office falling under any of the following subparagraphs (hereafter referred to as the "head of the competent tax office" in this Article) may refund the amount of VAT paid by a business entity designated by Presidential Decree as a passenger motor vehicle transportation business entity pursuant to the Passenger Transport Service Act (limited to a simplified taxpayer pursuant to Article 61

(1) of the Value-Added Tax Act; hereinafter referred to as a "simplified taxpayer for transportation business") on a motor vehicle purchased for such transportation business by December 31, 2027, to the simplified taxpayer for transportation business as prescribed by Presidential Decree.

1. Where an application for refund is filed by a tax refund agent referred to in paragraph (3), the head of the competent tax office having jurisdiction over the business place of the tax refund agent;

2. In any case other than those of subparagraph 1, the head of the competent tax office having jurisdiction over the place of business of the simplified taxable person for transportation business.

(2) A business operator who supplies motor vehicles referred to in paragraph (1) shall issue a tax invoice, notwithstanding Article 36 of the Value-Added Tax Act, if a simplified taxable person for the transportation business who purchases such motor vehicle requests the issuance of a tax invoice.

(3) A simplified taxpayer for transportation business who wishes to receive a refund pursuant to paragraph (1) may apply for a refund directly to the head of the tax office having jurisdiction over the place of business, or through a person who manufactures, assembles, or imports a motor vehicle (including a person who receives a sales consignment from such a person) and other persons prescribed by the Presidential Decree (hereafter referred to in this Article as "refund agent").

(4) The tax refund agent shall give notice to the head of the competent tax office if an applicant for refund falls under either of the following:

1. Where it is judged that the person is not a simplified taxable person for the transportation business;

2. If he or she is deemed to have filed an application for refund by fraud or other unlawful means.

(5) If a simplified taxpayer for transportation business who has received a refund of value-added tax pursuant to paragraph (1) falls under any of the following subparagraphs, or if a person who is not a simplified taxpayer for transportation business has received a refund of value-added tax pursuant to paragraph (1), the head of the competent tax office shall additionally collect the refunded value-added taxes and the interest equivalent calculated as prescribed by Presidential Decree as value-added tax.

1. If a motor vehicle that has received a VAT refund under paragraph (1) is not used for its intended purpose or is transferred to a person other than a simplified taxpayer for transportation business; provided, this shall excludes the case of transferring a motor vehicle that has exceeded the age limit pursuant to Article 84 of the Passenger Transport Service Act and other cases prescribed by the Presidential Decree;

2. Where value-added tax is refunded according to any of the following tax invoices:

(a) A tax invoice issued without any provision of goods;

(b) A tax invoice issued in the name of other business place than that of providing the goods;

(c) A tax invoice issued after the deadline for filing a final return for the taxable period in which the time of provision of the goods falls;

(d) A tax invoice duly issued but arbitrarily altered by the simplified taxpayer for the relevant transportation business;

(e) Other tax invoices prescribed by Presidential Decree, containing a false statement;

(6) If a simplified taxpayer for transportation business has VAT collected under paragraph (5), it shall not be entitled to a refund under paragraph (1) for 5 years from the date of notification of the collected VAT.

(7) If a simplified taxpayer for transportation business is changed to a general taxpayer pursuant to subparagraph 5 of Article 2 of the Value-Added Tax Act, Articles 38 and 44 of the Value-Added Tax Act shall not apply to a motor vehicle that has received a refund pursuant to paragraph (1).

(8) For the purposes of paragraphs (1) through (7), the procedures for refund, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

Article 106 (Exemption from Value-Added Tax)

(1) No value-added tax shall be levied on the supply of any of the following goods or services. In such cases, for the goods or services specified in subparagraphs 1, 4-2, 5, 9-2, and 12, the foregoing shall apply only to those supplied by December 31, 2025; for the goods or services specified in subparagraphs 2, 3, and 4-5 the foregoing shall apply only to those supplied by December 31, 2026; for the goods or services specified in subparagraphs 8 and 8-2, the foregoing shall apply only to those for which an implementation agreement was concluded by December 31, 2014; and for the goods or services specified in subparagraph 8-3, the foregoing shall apply only to those for which an implementation agreement is concluded during the period from January 1, 2015 to December 31, 2025; and for the goods and services specified in subparagraph 9, the foregoing shall apply only to those supplied by December 31, 2023; and for the goods or services specified in subparagraph 9-3, the foregoing shall apply only to those supplied by December 31, 2024. *<Amended on Apr. 30, 1999; Aug. 31, 1999; Dec. 28, 1999, Dec. 29, 2000; May 24, 2001; Aug. 26, 2002; May 29, 2003; Dec. 30, 2003; Jul. 26, 2004; Dec. 31, 2004; Dec. 31, 2005; Dec. 30, 2006; Dec. 31, 2007; Feb. 29, 2008; Dec. 26, 2008; Jan. 1, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Mar. 23, 2013; Jun. 7, 2013; Jan. 1, 2014; Dec. 23, 2014; Aug. 11, 2015; Aug. 28, 2015; Dec. 15, 2015; Jan. 19, 2016; Feb. 3, 2016; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Jun. 9, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Petroleum products supplied directly to the National Federation of Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act to use them for independent power generation for remote island areas verified by the Minister of Trade, Industry and Energy (including an agency to which authority has been delegated under Article 98 of the Electric Utility Act) to which an electricity business operator defined in Article 2 of that Act, is unable to supply electricity or finds it impracticable to supply electricity for a substantial period;

2. Food services falling under any of the following (limited to meals). In such cases, matters necessary concerning exemption from value-added tax on entrusted meal service, such as the certification of the supply price of entrusted meal service shall be prescribed by Presidential Decree;

(a) Food services provided by the operator of a factory, a mine, a construction site, or a place of business for route passenger transport services under the Passenger Transport Service Act in a cafeteria operated directly by it within the place of business for the purposes of welfare of its

employees;

(b) Food services provided by an association composed of operators of route passenger transport businesses under a joint transport service agreement concluded pursuant to Article 11 of the Passenger Transport Service Act, through an entrustment contract prescribed by Presidential Decree for the purposes of welfare of their employees;

(c) Food services provided by the operator of a school defined in Article 2 of the Elementary and Secondary Education Act or Article 2 of the Higher Education Act in a cafeteria directly operated by it in the premises of the school for the purposes of welfare of students;

(d) Food services provided by a school meal service provider, as entrusted by the principal of a school falling under any subparagraph of Article 4 of the School Meals Act, directly to the school in the manner prescribed in Article 15 of that Act for entrusted meal services;

3. Services prescribed by Presidential Decree, such as managing agriculture or fisheries, and conducting farming or fishing operation, on behalf of any third person;

4. National housing prescribed by Presidential Decree and services for the construction thereof (including remodeling services prescribed by Presidential Decree);

4-2. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to the following houses, except national housing units among multi-family housing units defined in subparagraph 3 of Article 2 of the Housing Act, by a managing entity defined in Article 2 (1) 10 of the Multi-Family Housing Management Act (excluding item (a) of that subparagraph; hereafter in this Article, referred to as "managing entity"); a corporation permitted to provide security services under Article 4 (1) of the Security Services Industry Act (hereafter in this Article, referred to as "security services business operator"); or a person who has filed a report to engage in the business of controlling building sanitation under Article 3 (1) of the Public Health Control Act (hereafter in this Article, referred to as "cleaning services provider"):

(a) A house in any Eup/Myeon, not in an urban area referred to in subparagraph 1 of Article 6 of the National Land Planning and Utilization Act, excluding the Seoul Metropolitan area;

(b) Any house other than item (a), where the exclusive residential floor area per unit or per household does not exceed 135 square meters;

4-3. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to national housing among multi-family housing units defined in subparagraph 3 of Article 2 of the Housing Act, by a managing entity, a security services provider, or a cleaning services provider;

4-4. General management services, security services, and cleaning services prescribed by Presidential Decree, which are supplied to a welfare house for elderly persons not exceeding the size of a national housing unit under the Housing Act, by the custodian, operator, security services provider, or cleaning services provider of a welfare house for elderly persons under Article 32 (1) 3 of the Welfare of Senior Citizens Act (hereafter in this subparagraph, referred to as "welfare house for elderly persons");

4-5. Heating services supplied to rental housing units built for permanent lease under Article 50-2 (1) of the Special Act on Public Housing;
5. Emission permits defined in subparagraph 3 of Article 2 of Act on the Allocation and Trading of Greenhouse-Gas Emission Permits, greenhouse gas reductions from external projects referred to in Article 29 (1) of that Act, and offset emission permits referred to in Article 29 (3) of that Act;
6. Goods and services prescribed by Presidential Decree, which are supplied by an organization performing governmental affairs prescribed by Presidential Decree on behalf of the Government;
7. Railroad facilities referred to in subparagraph 2 of Article 3 of the Framework Act on Railroad Industry Development (hereafter in this subparagraph, referred to as "railroad facilities") and supplied to the State by the Korea National Railway established pursuant to the Korea National Railway Act under an arrangement that the ownership of such railroad facilities is reverted to the State and the Korea National Railway is granted the right to manage the railroad facilities under Article 26 of that Act;
7-2. Infrastructure defined in subparagraph 1 of Article 2 of the Act on Public-Private Partnerships in Infrastructure or construction services for such infrastructure, which are provided by any concessionaire defined in subparagraph 8 of Article 2 of that Act to the State or local governments by any of the methods provided for in subparagraphs 1 through 3 of Article 4 of that Act for the purposes of operating a business exempted from value-added tax;
8. A right to manage and operate facilities provided by a school in relation to school facilities (limited to school facilities prescribed by Presidential Decree among those defined in Article 2 of the Higher Education Act) built by applying mutatis mutandis the method described in subparagraph 1 of Article 4 of the Act on Public-Private Partnerships in Infrastructure and held by a person recommended by either the Minister of Education or his or her designee, and services provided by the person so recommended, using such school facilities;
8-2. A license to manage and operate facilities provided by the State or a local government in relation to a dormitory built by a special purpose company incorporated by the Korea Foundation for the Promotion of Private School under the Korea Advancing Schools Foundation Act by applying mutatis mutandis the method described in subparagraph 1 of Article 4 of the Act on Public-Private Partnerships in Infrastructure, and services provided by such company using the dormitory;
8-3. The right to manage facilities, which is provided by the State, a local government, or a school defined in Article 2 of the Higher Education Act (hereafter in this subparagraph, referred to as "school") concerning a dormitory built by any of the following corporations by applying the method prescribed in subparagraph 1 of Article 4 of the Act on Public-Private Partnerships in Infrastructure mutatis mutandis, and services provided by the corporation by using the dormitory:

(a) A special-purpose corporation established by the Korea Advancing Schools Foundation under the Korea Advancing Schools Foundation Act;

(b) A special-purpose corporation jointly established by the Korea Advancing Schools Foundation under the Korea Advancing Schools Foundation Act and schools;

9. Buses fueled by natural gas, supplied for intra-city bus transportation and village shuttle service under the Passenger Transport Service Act and the Enforcement Decree of that Act;

9-2. Buses meeting all of the following requirements:

(a) Electric motor vehicles defined in subparagraph 3 of Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles or hydrogen electric vehicles defined in subparagraph 6 of that Article, both of which fully meet the requirements prescribed in items of subparagraph 2 of Article 2 of that Article;

(b) Buses supplied for intra-city bus transportation, agricultural and fishing village transportation, and village shuttle service under the Passenger Transport Service Act and the Enforcement Decree of that Act;

9-3. Motor vehicles supplied to simplified taxable persons under Article 61 (1) of the Value-Added Tax Act for use as owner-driver taxies for passenger transportation business under the Passenger Transport Service Act and the Enforcement Decree of that Act;

10. Items prescribed by Presidential Decree, which are used for treating rare diseases among the items referred to in subparagraphs 4 and 5 of Article 91 of the Customs Act;

11. Diapers and powdered (or liquid) milk for infants (excluding powered ore liquid milk exempt from value-added tax under Article 26 of the Value-Added Tax Act);

12. Those prescribed by Presidential Decree as wooden pellets supplied for heating or agricultural or forestry purposes to farmers and persons engaging in forestry referred to in Article 105 (1) 5.

13. A house mortgaged for a reverse annuity mortgage claim and disposed of to exercise the reverse annuity mortgage claim or the right to demand a reimbursement following the fulfillment of credit guarantee liabilities for a reverse annuity mortgage under Article 43-4 of the Korea Housing Finance Corporation Act by the Korea Housing Finance Corporation established pursuant to that Act.

(2) No value-added tax shall be levied on any of the following imported goods. In such cases, subparagraph 9 shall apply only to the goods declared as imports by December 31, 2025, and subparagraph 22 shall apply only to the goods declared as imports by December 31, 2024: <*Amended on Jan. 12, 2000; Dec. 29, 2000; Dec. 29, 2001; Dec. 30, 2003; Dec. 31, 2005; Dec. 26, 2008; Jan. 1, 2010; Mar. 12, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; May 29, 2016; Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022*>

1. Anthracite coal;

2. Deleted. <*Dec. 29, 2001*>

3. Ships to be used for taxable businesses (excluding ships imported to be sold to a third party);

4. Construction articles for bonded area under the Customs Act to be used for taxable businesses;

5. Deleted. <*Dec. 30, 2003*>

6. Deleted. <*Dec. 30, 2003*>

7. Deleted. <*Dec. 29, 2000*>

8. Deleted. <*Dec. 29, 2000*>

9. Machinery and materials prescribed by Presidential Decree, among those directly imported by farmers and persons engaging in forestry, as referred to in Article 105 (1) 5, for agriculture, livestock farming, or forestry and those directly imported by fishermen referred to in Article 105 (1) 6 for fisheries;

10. Deleted; <*Dec. 31, 2011*>

11. Deleted; <*Jan. 1, 2013*>

12. Deleted; <*Dec. 23, 2014*>

13. Deleted; <*Dec. 15, 2015*>

14. Deleted; <*Jan. 1, 2013*>

15. Deleted; <*Jan. 1, 2014*>

16. Deleted; <*Dec. 20, 2016*>

17. Deleted; <*Jan. 1, 2014*>

18. Deleted; <*Jan. 1, 2014*>

19. Deleted; <*Dec. 28, 2021*>

20. Deleted; <*Dec. 28, 2021*>

21. Deleted; <*Dec. 15, 2015*>

22. Goods that are difficult to produce in the Republic of Korea, among those to be used by the Organizing Committee of the Winter Youth Olympic Games Gangwon 2024, established pursuant to Article 9 of the International Athletic Games Support Act, or a local government for the production and construction of competition facilities for the Winter Youth Olympic Games Gangwon 2024 and the management of competitions.

(3) Deleted. <*Dec. 26, 2008*>

(4) Deleted. <*Dec. 26, 2008*>

(5) The proviso of Article 61 (1) of the Value-Added Tax Act shall not apply to owner-driver taxi for passenger transportation business; road trucking transportation business prescribed by Presidential Decree; barbering business; beauty services; and other similar businesses prescribed by Presidential Decree, subject to simplified taxation of value-added tax. <*Amended on Jan. 1, 2010; Jun. 7, 2013; Dec. 20, 2016; Dec. 31, 2024*>

Article 106-2 (Reduction and Exemption of Value-Added Tax on Petroleum Products for Agriculture, Forestry, Fisheries, and Coastal Passenger Ships)

(1) No value-added tax shall be levied on the supply of any of the following petroleum products (referring to petroleum products provided for in the Petroleum and Alternative Fuel Business Act; hereafter in this Article, referred to as "tax-free petroleum"); and no individual consumption tax, the traffic, energy and environment tax, education tax, and motor vehicle tax (hereafter in this Article, referred to as "motor vehicle tax") shall be levied on the supply of such tax-free petroleum released from a place of

manufacturing or a bonded area, as prescribed by Presidential Decree. In such cases, subparagraph 1 shall apply only to such petroleum products supplied by not later than December 31, 2026, and subparagraph 2 shall apply only to such petroleum products supplied by not later than December 31, 2025. *<Amended on Dec. 31, 2011; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Petroleum products prescribed by Presidential Decree and used by farmers, persons engaging in forestry, or fishermen specified by Presidential Decree (hereafter in this Article, referred to as "farmer or fisherman") for agriculture, forestry, or fisheries;
2. Petroleum products supplied directly to the Korea Shipping Association established under the Korea Shipping Association Act for the use in passenger ships (excluding passenger ships used for a tourism business defined in Article 2 of the Tourism Promotion Act) operating on coastal waters.

(2) Where a petroleum distributor prescribed by Presidential Decree (hereafter in this Article, referred to as "petroleum distributor"), including a gas station, has been supplied with petroleum products with value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax already levied thereon, and supplies such petroleum products to any farmer or fisherman referred to in any subparagraph of paragraph (1), the petroleum distributor may file an application, as prescribed by Presidential Decree, to obtain a refund of the amount of tax otherwise exempted or a deduction from the amount of tax payable or collectible. *<Amended on May 19, 2011; Dec. 31, 2011>*

(3) A farmer or fisherman who desires to be supplied with tax-free petroleum shall file a report on the holding status of agricultural, forestry, or fishery machinery, ships, or facilities prescribed by Presidential Decree (hereafter in this Article, referred to as "agricultural machinery, etc.") and the fact that the person has engaged in agriculture, forestry, or fisheries, as prescribed by Presidential Decree, with a cooperative incorporated under the Agricultural Cooperatives Act, a cooperative incorporated under the Forestry Cooperatives Act, or a cooperative incorporated under the Fisheries Cooperatives Act (hereafter in this Article, referred to as "cooperative responsible for the control of tax-free petroleum"), and shall also file a report on a change within 30 days from the date any change occurs, if any change in the reported matters occurs, such as the acquisition or transfer of agricultural machinery, etc., death of the farmer or fisherman, and giving up the agricultural, forestry, or fishery business. *<Amended on Jan. 1, 2013>*

(4) A farmer or fisherman who desires to be supplied with tax-free petroleum shall obtain a card for purchasing tax-free petroleum or a delivery order prescribed by Presidential Decree (hereafter in this Article, referred to as "tax-free petroleum purchase card, etc."), from a cooperative responsible for the control of tax-free petroleum.

(5) A farmer or fisherman who intends to use tax-free petroleum for agricultural machinery, etc. shall comply with the following provisions. If the farmer or fisherman fails to submit the documents specified in subparagraph 1 (b) or 2 by the end of the month immediately following the last month of each half year (hereafter in this paragraph, referred to as "deadline for submission"), the cooperative responsible for the control of tax petroleum shall require the farmer or fisherman to submit the relevant documents by not later than one month from the deadline for submission (hereafter in this Article, referred to as "final

deadline for submission"): *<Amended on Dec. 23, 2014; Dec. 24, 2018>*

1. In cases of agricultural machinery, fishery machinery, or ships prescribed by Presidential Decree: The following provisions:

(a) A device prescribed by Presidential Decree shall be installed thereon to check consumed quantity, etc.;

(b) Documents prescribed by Presidential Decree, which show consumed quantity, etc. shall be submitted to the cooperative responsible for the control of tax petroleum by the deadline for submission;

2. In cases of agricultural machinery, fishery machinery, or facilities for agriculture or fisheries prescribed by Presidential Decree: Documents prescribed by Presidential Decree, which show the volume of production, etc., shall be submitted to the cooperative responsible for the control of tax petroleum by the deadline for submission.

(6) A cooperative responsible for the control of tax-free petroleum shall issue tax-free petroleum purchase cards, etc., taking into consideration the status of agricultural machinery, etc. held by farmers or fishermen, and the business size of agriculture, forestry, or fisheries.

(7) The National Agricultural Cooperative Federation incorporated under the Agricultural Cooperatives Act, the National Forestry Cooperative Federation incorporated under the Forestry Cooperatives Act, and the National Federation of Fisheries Cooperatives incorporated under the Fisheries Cooperatives Act (hereafter in this Article, referred to as "National Federation responsible for the control of tax-free petroleum"), may designate petroleum distributors eligible for selling tax-free petroleum to farmers or fishermen, upon receipt of applications from petroleum distributors, as prescribed by Presidential Decree, if necessary for controlling tax-free petroleum efficiently and preventing illegal distribution.

(8) The National Federations and cooperatives responsible for the control of tax-free petroleum (hereafter in this Article, referred to as "institutions responsible for tax-free petroleum"), may disclose the details of tax-free petroleum supplied to farmers or fishermen through their websites.

(9) If a farmer or fisherman supplied with tax-free petroleum using a tax-free petroleum purchase card, etc. issued under paragraph (4) is found to have used tax-free petroleum for any purpose other than agriculture, forestry, or fishery, the aggregate of the amounts calculated as follows shall be additionally collected, as prescribed by Presidential Decree: *<Amended on Dec. 31, 2011; Dec. 31, 2019>*

1. The amount of tax reduced or exempted from value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax on such tax-free petroleum;

2. Penalty tax in an amount equivalent to 40/100 of the tax amount reduced or exempted under subparagraph 1.

(10) If a farmer or fisherman (including his or her spouse and lineal ascendants and descendants who engage in production activities and make a living together with the farmer or fisherman), falls under any of the following cases, the farmer or fisherman is banned from using tax-free petroleum for two years (or one year, in cases falling under subparagraph 3; or the date the farmer or fisherman pays a penalty tax, in

cases falling under subparagraph 4, where such farmer or fisherman fails to pay the penalty tax calculated under paragraph (9) until after the lapse of two years) from the date the institution responsible for tax-free petroleum becomes aware of the relevant fact; provided, if a farmer or fisherman fails to report a change according to paragraph (3) due to an event prescribed by Presidential Decree, such as a natural disaster, or fails to submit a document specified in paragraph (5) 1 (b) and 2 by the final deadline for submission, he or she may use tax-free petroleum, as prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Dec. 23, 2014; Dec. 31, 2019; Jun. 9, 2020>*

1. If the farmer or fisherman files a report under paragraph (3) fraudulently or deceptively, or fails to file a report on a change;
2. If the farmer or fisherman transfers a tax-free petroleum purchase card, etc. issued under paragraph (4) or petroleum products supplied using such tax-free petroleum purchase card, etc. to any third person;
3. If the farmer or fisherman fails to submit the documents specified in paragraph (5) 1 (b) or 2 by the final deadline for submission, or submits a false document;
4. If a ground to additionally collect the amount of tax reduced or exempted as a penalty, arises, as prescribed in paragraph (9).

(11) Penalty tax shall be collected, as prescribed by Presidential Decree, in an amount equivalent to 40/100 of the amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced on the petroleum products, if a cooperative responsible for the control of tax-free petroleum is found to have been involved in the act described in subparagraph 1, or in an equivalent to 20/100 of the amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced on the petroleum products, if such cooperative is found to have been involved in the act described in subparagraph 2: *<Amended on Dec. 31, 2011; Dec. 31, 2019>*

1. If the cooperative issues a tax-free petroleum purchase card, etc. fraudulently or deceptively;
2. If the cooperative mistakenly issues a tax-free petroleum purchase card, etc. to a farmer or fisherman without examining the relevant evidentiary documents or due to poor management, or issues a tax-free petroleum purchase card, etc. to any person who is neither a farmer nor a fisherman.

(12) Where any person who is neither a farmer nor a fisherman has been issued a tax-free petroleum purchase card, etc. pursuant to paragraph (4); where a farmer or fisherman or a person who is neither a farmer nor a fisherman has acquired a tax-free petroleum purchase card, etc., or any petroleum product supplied to other farmer or fisherman using a tax-free petroleum purchase card, etc.; or where the amount of a tax refund or deduction applied for by a petroleum distributor pursuant to paragraph (2) exceeds the amount of the tax refund or deduction the petroleum distributor is entitled to, an amount calculated as follows shall be additionally collected, as prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Dec. 31, 2011; Dec. 31, 2019>*

1. The aggregate of the following amounts, where the person has a tax-free petroleum purchase card, etc. issued from a cooperative responsible for the control of tax-free petroleum or acquires a tax-free

petroleum purchase card, etc. from a farmer or fisherman:

(a) The equivalent to the amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted, if the person has the petroleum products supplied by the tax-free petroleum purchase card, etc. at the time of issuance or acquisition of such card, etc.;

(b) The penalty tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a);

2. The aggregate of the following amounts, where the person acquires the petroleum products supplied to a farmer or fisherman by a tax-free petroleum purchase card, etc.:

(a) The amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted on the relevant petroleum products;

(b) The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a).

3. Where the amount of a tax refund or deduction applied for by the petroleum distributor pursuant to paragraph (2), exceeds the amount of the tax refund or deduction the petroleum distributor is entitled to, the aggregate of the following amounts; provided, item (b) shall only apply where an application is filed by any fraudulent means:

(a) The amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted on the relevant petroleum products;

(b) The additional tax equivalent to 40/100 of the amount of tax reduced or exempted under item (a).

(13) In any of the following cases, the National Federation responsible for the control of tax-free petroleum may revoke the designation of a petroleum distributor eligible for distributing tax-free petroleum, and the petroleum distributor whose designation is revoked may not file an application for the designation under paragraph (7) during the period specified in any of the following: *<Amended on Jan. 1, 2013; Dec. 31, 2019>*

1. Where a ground arises for additionally collecting a tax amount reduced under paragraph (2): Five years from the date on which the designation is revoked;

2. Where there are no sales of tax-free petroleum products during two immediately preceding fiscal years: One year from the date on which the designation is revoked.

(14) Paragraph (13) shall also apply to persons who has any of the following relationships with a petroleum distributor against whom a ground to additionally collect the amount of tax reduced or exempted, as a penalty, has arisen, as prescribed in paragraph (12); provided, the foregoing shall not apply, if a transferee (excluding any related person prescribed by Presidential Decree to the relevant petroleum distributor) or a relevant corporation proves that the transferee or the corporation had no knowledge of the fact that a ground to collect the amount of tax reduced or exempted from the former petroleum distributor as a penalty, has arisen: *<Amended on Dec. 23, 2014>*

1. Where the petroleum distributor dies, his or her heir;

2. Where the petroleum distributor has fully transferred the petroleum distribution business, the transferee;

3. Where the corporate petroleum distributor merges with another petroleum distributor, the corporation surviving the merger or the corporation incorporated following the merger.

(15) The annual maximum quantity of each petroleum product referred to in paragraph (1) 1 shall be determined by the Minister of Economy and Finance, upon receipt of an application filed by the Minister of Agriculture, Food and Rural Affairs, the Minister of Oceans and Fisheries, or the Minister of the Korea Forest Service, as prescribe by Presidential Decree. *<Amended on Jan. 1, 2013; Mar. 23, 2013>*

(16) Every National Federation responsible for the control of tax-free petroleum shall ensure that tax-free petroleum purchase cards, etc. issued under paragraph (4), are used and managed within the annual maximum quantity of petroleum products determined under paragraph (15) (hereafter in this paragraph, referred to as "annual maximum quantity of tax-free petroleum products "); and, if the tax-free petroleum purchase cards, etc. so issued have caused the supply of the petroleum products under paragraph (1) 1 to exceed the annual maximum quantity of tax-free petroleum products, the amount of value-added tax, individual consumption tax, traffic, energy and environment tax, education tax, and motor vehicle tax reduced or exempted shall be additionally collected, as prescribed by Presidential Decree, from the National Federation responsible for the control of tax-free petroleum products, deeming that the National Federation responsible for the control of tax-free petroleum products has been supplied with the petroleum products that exceed the annual maximum quantity of tax-free petroleum products. *<Amended on Dec. 31, 2011; Dec. 31, 2019>*

(17) Any cooperative incorporated under the Agricultural Cooperatives Act, may charge an amount prescribed by Presidential Decree, as a fee, on persons to whom tax-free petroleum purchase cards, etc. are issued, to appropriate the fee for expenses incurred in issuing tax-free petroleum purchase cards, etc., keeping the ledger, and electronic processing in connection with the supply of tax-free petroleum products to farmers or fisherman.

(18) When a cooperative responsible for the control of tax-free petroleum products discovers that a ground to collect the amount of tax reduced or exempted, or additional amount of tax, as a penalty, has arisen, as prescribed in paragraph (9), (11), or (12), or where a farmer or fisherman is subject to a penalty in lieu of a restriction on, or suspension from, engaging in fishery activities, etc. under the Fisheries Act or any other applicable statute, the cooperative shall immediately suspend the issuance and use of the relevant tax-free petroleum purchase card, etc. and shall notify the head of the competent tax office thereof, without delay. *<Amended on Dec. 15, 2015>*

(19) When the head of the competent tax office discovers that a ground to additionally collect a tax amount reduced or exempted has arisen under paragraphs (9) through (14) and (16), he or she shall notify the person liable for special collection of motor vehicle tax under Article 137 (1) of the Local Tax Act and the cooperative responsible for the control of tax-free petroleum products thereof, without delay. *<Amended on Dec. 31, 2019>*

(20) Any institution responsible for the control of tax-free petroleum may request the following data from administrative agencies, etc., in order to efficiently perform the control of tax-free petroleum products, and

the administrative agencies, etc., upon receipt of such request, shall provide the institution responsible for the control of tax-free petroleum products with the relevant data, unless there is good cause: *<Amended on Dec. 23, 2014; Dec. 31, 2019>*

1. Data about death of farmers, fishermen, etc. under Article 9 of the Act on Registration of Family Relations;
2. Data about move-in reports of farmers, fishermen, etc. under Article 16 of the Resident Registration Act;
3. Data about the location of vessels with a ship location transmitter for fishing vessels under Article 5-2 of the Fishing Vessels Act;
4. Data about whether an amount additionally collected under paragraph (9) has been paid;
5. Electronic computer data about trucks owned by farmers, fishermen, etc. under Article 69 of the Motor Vehicle Management Act (data about initial registration, registration of transfer, registration of changes, deregistration concerning motor vehicles, including motor vehicle registration numbers and names and resident registration numbers of owners)

(21) The head of the competent tax office shall impose an administrative fine not exceeding three times the sales price of the tax-free petroleum referred to in paragraph (1) 1, on a person who have sold the relevant tax-free petroleum acquired from a person supplied with such tax-free petroleum. In such cases, the criteria for the imposition of administrative fines shall be prescribed by Presidential Decree. *<Added on Dec. 24, 2018; Dec. 28, 2021>*

(22) Procedures for supplying and controlling tax-free petroleum; methods for issuing and using tax-free petroleum purchase cards, etc.; and procedures for collecting the amount of tax reduced or exempted, the equivalent to the amount of tax reduced or exempted, and the penalty tax under paragraphs (1) through (20); and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 28, 2021>*

Article 106-3 (Special Taxation for Value-Added Tax on Gold Bullion)

(1) No value-added tax shall be imposed on the supply of any of the following gold bullion (hereafter referred to as "gold bullion" in this Article) of the form, purity, etc. prescribed by Presidential Decree (hereafter referred to as "tax-free gold bullion" in this Article) until March 31, 2014, pursuant to the classifications specified under paragraph (3): *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014>*

1. Gold bullion supplied by a wholesaler or refiner of gold bullion prescribed by Presidential Decree (hereafter referred to as "gold bullion wholesaler, etc." in this Article) to a gold craftsman, etc. prescribed by Presidential Decree (hereafter referred to as "gold craftsman, etc." in this Article) who has received tax-free recommendation from a person prescribed by Presidential Decree (hereafter referred to as "recommender of trading tax-free gold bullion" in this Article);

2. Gold bullion supplied by a gold bullion wholesaler, etc. or a financial institution prescribed by Presidential Decree (hereafter referred to as "financial institution" in this Article) to a financial institution having received tax-free recommendation from any recommender of trading tax-free gold bullion, or gold bullion supplied by a financial institution pursuant to the consumption loan for gold bullion, or those refunded to them;

3. Gold bullion supplied by transaction of exchange-traded derivatives traded in the derivatives market under the Financial Investment Services and Capital Markets Act (hereinafter referred to as "transaction of exchange-traded derivatives"); provided, the same shall not apply where any person, other than a gold craftsman, etc. (including financial institutions) takes over the actual objects of gold bullion;

4. Gold bullion supplied by a financial institution to a gold craftsman, etc. having received tax-free recommendation from any recommender of trading tax-free gold bullion.

(2) No value-added tax shall be imposed on any gold bullion imported by a gold craftsman, etc. and a financial institution, upon receipt of tax-free import recommendation from a person prescribed by Presidential Decree (hereafter referred to as "recommender of importing tax-free gold bullion" in this Article) until March 31, 2014. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014>*

(3) Special cases under the Value-Added Tax Act shall apply to tax-free gold bullion as specified in paragraph (1), pursuant to the any of the following provisions: *<Amended on Jun. 7, 2013>*

1. Article 26 of the Value-Added Tax Act shall apply mutatis mutandis where a financial institution supplies tax-free gold bullion;

2. Where an entrepreneur, other than a financial institution, supplies tax-free gold bullion, the Value-Added Tax Act shall apply to the entrepreneur by deeming him or her to be the taxable entrepreneur for value-added tax. In such cases, no input tax amount of value-added tax which has been borne by the relevant entrepreneur at the time of purchasing the relevant gold bullion in connection with supply of the tax-free gold bullion, shall be deemed the input tax amount to be deducted under Article 38 of the Value-Added Tax Act, but such input tax amount of value-added tax may be subject to deduction that has been borne in connection with the purchase of tax-free gold bullion refined and supplied by a gold bullion refiner among gold bullion wholesalers, etc., and of the tax-free gold bullion refunded by the relevant entrepreneur to the financial institution under the consumption loan for gold bullion under paragraph (1) 2.

(4) In any of the following cases, the collecting agent of value-added tax prescribed by Presidential Decree (hereafter referred to as "value-added tax collecting agent" in this Article) shall collect the value-added tax from the person subject to collection of value-added tax prescribed by Presidential Decree (hereafter referred to as "person subject to collection of value-added tax" in this Article) at the time of supply, as prescribed by Presidential Decree, and pay it to the head of the tax office having jurisdiction over the business place, the Bank of Korea, or postal offices by no later than the end of the month following that in which the date of collection falls, as prescribed by Presidential Decree:

1. Where the financial institution fails to receive any refund of gold bullion supplied under the consumption loan for gold bullion;

2. Where any person, other than gold craftsmen, etc. (including financial institutions) takes over the actual objects of gold bullion, in cases of transaction of exchange-traded derivatives of gold bullion.

(5) In applying paragraph (4), the value-added tax collecting agent shall deliver a receipt for collecting value-added tax on gold bullion at the time it collects the value-added tax, as prescribed by Presidential Decree.

(6) Where any person who has made a tax-free import of gold bullion under paragraph (2) for the purpose, etc. of supplying the gold bullion to the gold craftsmen, etc. under paragraph (1) fails to supply the relevant imported gold bullion for the relevant purpose, the director of the competent customs office shall collect the value-added tax related to the import from the importer, and deliver a tax invoice; provided, the same shall not apply to cases prescribed by Presidential Decree.

(7) Any person who has made a tax-free supply (excluding supply by any person who has transacted exchange-traded derivatives through a financial investment business entity under Article 8 of the Financial Investment Services and Capital Markets Act) or import of gold bullion under paragraphs (1) and (2), a recommender of trading the tax-free gold bullion, a recommender of importing the tax-free gold bullion, and financial institutions, shall file a report with the head of the competent tax office having jurisdiction over the business place on the details of trades of the tax-free gold bullion (including trading exchange-traded derivatives of gold bullion through a financial investment business entity; hereafter in this Article the same shall apply), and the details of recommendations by no later than the end of the month following the last month of each quarter, as prescribed by Presidential Decree, shall record on the books by classifying the details of trading the tax-free gold bullion, those of imports, and those of recommendations for tax exemption, and shall keep the aforementioned books for five years from the end of business year whereto belongs the date of supplying the tax-free gold bullion, date of imports, and date of recommendations.

(8) The amounts collected by the head of the tax office having jurisdiction over the business place or the director of the competent customs office pursuant to the following classifications shall be deemed collected as the value-added tax in the same manner as national taxes are collected:

1. Where the gold bullion recommended for tax exemption from the recommender of trading the tax-free gold bullion under paragraph (1) 1 are supplied to any person, other than the recommended persons, the amount equivalent to ten percent of the value-added tax amount on the relevant gold bullion shall be collected as penalty tax;

2. Where the gold bullion are supplied under paragraph (1) 2, if it falls under any of the following items, the amount equivalent to ten percent of the value-added tax amount on the relevant gold bullion shall be collected as penalty tax:

(a) Where the gold bullion wholesalers, etc. and financial institutions supply the gold bullion recommended for tax exemption by the recommender of trading the tax-free gold bullion to any

person, other than the recommended financial institutions;

(b) Where, when an entrepreneur redeems the gold bullion borrowed under the consumption loan for gold bullion, the gold bullion is supplied to any person, other the financial institution from which it has been borrowed;

3. Where the value-added tax collecting agent liable to collect and pay the value-added tax under paragraph (4) has failed to collect and pay the value-added tax from the person subject to collection of such tax, such amount shall be collected as computed by adding the amount equivalent to ten percent of the unpaid tax amount to said tax amount;

4. As the person who has made the tax-free import of the gold bullion under paragraph (2) for the purpose of supplying the gold bullion to the gold bullion craftsmen, etc. under paragraph (1) has failed to supply the relevant gold bullion for relevant purposes, where the director of the competent customs office collects the value-added tax under paragraph (6), such amount shall be collected as computed by adding the amount equivalent to ten percent of unpaid tax amount to the said tax amount;

5. Where any person who is liable to conscientiously perform the obligation to report, record on books, manage and keep the details, etc. of trading the tax-free gold bullion under paragraph (7) has failed to do so, the amount set under each of the following items shall be collected as penalty tax. In such cases, item (b) shall apply where it falls simultaneously under items (a) and (b):

(a) Where the books referred to in paragraph (7) have not been kept or recorded, or the trading amount and recommended amount of the tax-free gold bullion pursuant to the kept or recorded books fall short of the trading amount and recommended amount to be recorded on the books, the amount equivalent to 1/100 of such insufficient trading amount and recommended amount of the tax-free gold bullion (5/1,000 in cases of the recommender of trading the tax-free gold bullion, or the recommender of importing the tax-free gold bullion);

(b) Where the details of trading and recommendation of the tax-free gold bullion are not reported under paragraph (7) to the head of the tax office having jurisdiction over the business place, or they fall short of the trading amount and recommended amount of the tax-free gold bullion to be reported, the amount equivalent to 1/100 of such unreported or insufficient trading amount and recommended amount of the tax-free gold bullion (5/1,000 in cases of the recommender of trading the tax-free gold bullion, or the recommender of importing the tax-free gold bullion).

(9) Any portion of the value-added taxes collected under paragraph (4) from a general taxable person for value-added tax, or any portion for which a tax invoice has been delivered under paragraph (6), may be subject to a deduction as an input tax amount by applying mutatis mutandis Articles 37 through 39 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013>*

(10) Where a financial institution fails to obtain redemption of the gold bullion supplied under the consumption loan for gold bullion, if the person failing to redeem the relevant gold bullion falls under the causes prescribed by Presidential Decree, no value-added tax shall be collected, notwithstanding paragraph (4).

(11) If it is deemed necessary to preserve value-added tax, the head of the competent tax office may request gold bullion wholesalers, etc. and gold craftsmen, etc. prescribed by Presidential Decree to furnish security.

(12) For the purposes of paragraphs (1) through (11), matters necessary for the management of gold bullion, including methods and procedures for exempting gold bullion from taxes, the issuance of tax invoices, additional collection, collection, filing of tax returns, ex-post management, the amount and period of tax collateral for gold bullion, the timing and procedure for offering tax collateral, and the release tax collateral shall be prescribed by Presidential Decree.

Article 106-4 (Special Taxation for Payment of Value-Added Tax by Purchasers of Gold-Related Products)

(1) A business operator who intends to supply, or to be supplied with, any of the following products (hereafter in this Article, referred to as "gold-related product") or a business operator who intends to import gold-related products (hereafter in this Article, referred to as "gold business operator") shall open an account for trading gold (hereafter in this Article, referred to as "gold trading account"), as prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 23, 2014>*

1. Gold bullion in the shape, purity, etc. prescribed by Presidential Decree;
2. Gold products in the shape, purity, etc. prescribed by Presidential Decree;
3. Gold waste and scrap prescribed by Presidential Decree.

(2) Notwithstanding Article 31 of the Value-Added Tax Act, no value-added tax shall be levied on any gold-related product supplied by a gold business operator to another gold business operator. *<Amended on Jun. 7, 2013>*

(3) A gold business operator supplied with a gold-related product from another gold business operator shall pay the amount specified in subparagraph 1 to the supplying business operator, and the amount specified in subparagraph 2 to the person designated by Presidential Decree, respectively, by using his or her gold trading account, by not later than the date following the date the gold-related product is suppled (if the date the gold-related product is supplied is earlier than the date a tax invoice is issued, referring to the date the tax invoice is issued) (hereafter in this Article, referred to as "deadline for payment of value-added tax"); provided, if such gold business operator settles the price of the gold-related product by any of the methods prescribed by Presidential Decree, such as a loan for financing business purchases, such gold business operator may pay only the amount specified in subparagraph 2: *<Amended on Jun. 7, 2013; Dec. 23, 2014; Dec. 24, 2018>*

1. The price of the gold-related product;
2. The amount calculated by applying the tax rate specified in Article 30 of the Value-Added Tax Act to the tax base specified in Article 29 of that Act (hereafter in this Article, referred to as "amount of value-added tax").

(4) Notwithstanding Article 50 of the Value-Added Tax Act, value-added tax on imported gold-related products may be paid by methods prescribed by Presidential Decree through a gold trading account. *<Amended on Jun. 7, 2013>*

(5) Paragraphs (3) and (4) shall not apply where no value-added tax is levied pursuant to Articles 106-3 and 126-7 (1) 2. *<Amended on Jan. 1, 2014>*

(6) Where a gold business operator supplied with a gold-related product, fails to pay the amount of value-added tax calculated under paragraph (3) 2, the amount of tax stated in the tax invoice, which is issued by another gold business operator who has supplied the gold-related product shall not be deemed the input tax deductible from the output tax, notwithstanding Articles 37 and 38 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013>*

(7) Where the price of a gold-related product is settled between gold business operators without using a gold trading account under paragraph (3), 10/100 of the price of the gold-related product shall be levied on both the gold business operator who supplies the gold-related product and the gold business operator supplied with the gold-related product, as penalty tax; provided, no penalty tax shall be levied on any business operator who intends to supply, or to be supplied with, a mixture of the product referred to in paragraph (1) 3 and any of products referred to in Article 106-9 (1) using an account for trading scrap, etc. under the main clause of that paragraph. *<Amended on Dec. 15, 2015; Dec. 20, 2016>*

(8) Where a gold business operator supplied with a gold-related product, fails to pay the amount of value-added tax as prescribed in paragraph (3), the head of the competent tax office shall collect, from the gold business operator, the amount of value-added tax payable plus an amount calculated by multiplying the interest rate prescribed by Presidential Decree for the period from the date immediately following the deadline for payment of value-added tax until the date the amount of value-added tax is paid (which shall be not later than the filing deadline of the tax return under Article 48, 49, 66, or 67 of the Value-Added Tax Act). *<Amended on Jun. 7, 2013; Dec. 19, 2017; Dec. 24, 2018>*

(9) The amount of value-added tax paid by a business operator supplied with a gold-related product under paragraph (3) may be either deducted from the amount of tax payable by the gold business operator who has supplied the gold-related product, or added to the amount of tax refundable.

(10) If the ratio of the sales of gold-related products supplied by a gold business operator during the filing periods for the pertinent preliminary and final returns to the purchases of gold-related products, does not exceed the ratio prescribed by Presidential Decree, the head of the competent tax office may postpone the refund; provided, the same shall not apply in any of the following cases:

1. Where the amount of tax refundable does not exceed the amount prescribed by Presidential Decree;
2. In cases prescribed by Presidential Decree where the business operator of scrap, etc. is unlikely to default on taxes, or to evade taxes.

(11) An amount erroneously paid or overpaid out of the amount of value-added tax paid by a business operator of scrap, etc. supplied with scrap, etc. pursuant to paragraph (3) shall be refunded to such business operator, notwithstanding Article 51 (1) of the Framework Act on National Taxes. *<Added on Dec.*

19, 2017>

(12) The Commissioner of the National Tax Service may, if necessary for the preservation of value-added tax, order a business operator who supplies or receives gold-related goods or an importer of gold-related goods to prepare and submit tax invoices and a table of total tax invoices. *<Added on Dec. 31, 2023>*

(13) The scope of gold business operators who should use gold trading accounts; methods for depositing in a gold trading account; the disposal of the amount of value-added tax deposited; issuing an order to prepare and submit tax invoices, etc., and other matters necessary for implementing the purchaser payment system under paragraphs (1) through (12) shall be prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; Dec. 31, 2023>*

Article106-5 Deleted. *<Jan. 1, 2014>*

Article 106-6 (Submission of Statement of Transactions of Gold Bullion, etc.)

(1) A gold bullion refiner prescribed by Presidential Decree shall submit a statement on production and release of gold bullion prescribed by Presidential Decree, as an accompanying document of the tax return, at the time of filing a tax return for value-added tax under Article 48, 49, 66, or 67 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013>*

(2) Whenever a gold-related product prescribed by Presidential Decree is imported, the director of the customs office shall submit the details of the relevant import declaration to the head of the tax office having jurisdiction over the importer's place of business by no later than the end of the month following that in which the import is declared.

Article 106-7 (Value-Added Tax Relief for General Taxicab Business Operators)

(1) General taxicab business operators defined under the Passenger Transport Service Act and the Enforcement Decree of that Act (hereafter referred to as "general taxicab business operator" in this Article) are entitled to a tax relief for 99/100 of the value-added tax by the taxable periods that end on or before December 31, 2026. *<Amended on May 14, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) A general taxicab business operator shall pay, in cash, an amount equivalent to 90/100 of the amount of the value-added tax, out of the amount of tax relief under paragraph (1), to general taxicab drivers under the Passenger Transport Service Act (hereafter in this Article, referred to as "general taxicab driver" in this Article), within one month from the end of the filing deadline of the final return and payment (hereafter referred to as "payment period" in this Article) of value-added tax for which tax relief was given, as determined by the Minister of Land, Infrastructure and Transport. In such cases, the general taxicab business operator shall notify general taxicab drivers that the amount paid in cash is the tax relief for value-added tax. *<Amended on May 14, 2010; Mar. 23, 2013; Jan. 1, 2014; Dec. 23, 2014>*

(3) A general taxicab business operator shall pay an amount equivalent to 5/100 of the amount of the value-added tax, out of the amount of tax relief under paragraph (1), within the payment period to the institution designated by the Minister of Land, Infrastructure and Transport (hereafter referred to as "institution in charge of the management of the fund for compensating for the reduction of taxicabs" in this Article), as prescribed by the Ministry of Land, Infrastructure and Transport, in order to use the amount as a fund for compensating for the reduction of taxicabs. *<Added on Dec. 23, 2014>*

(4) For the purpose of financing the welfare fund for taxi drivers under Article 15 of the Act on the Development of Taxi Transportation Business, every general taxicab business operator shall pay an amount equivalent to 4/100 of the amount of value-added tax payable by him or her out of the tax amount reduced pursuant to paragraph (1) to an organization prescribed by Presidential Decree among associations of taxi transportation business entities under Article 53 or 59 of the Passenger Transport Service Act within the payment period, as determined by the Minister of Land, Infrastructure and Transport. *<Added on Dec. 19, 2017>*

(5) Every general taxicab business operator shall submit a statement of payment of the amount of tax relief under paragraph (1) paid to the general taxicab drivers pursuant to paragraph (2), respectively to the Minister of Land, Infrastructure and Transport and the head of the tax office having jurisdiction over the general taxi business operators, within ten days upon the expiration of the payment period. *<Added on Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017>*

(6) The Minister of Land, Infrastructure and Transport shall ascertain whether each general taxicab business operator has paid the amount of tax relief under paragraph (1) within the payment period as prescribed in paragraphs (2) through (4), and shall notify the Commissioner of the National Tax Service or the head of the tax office having jurisdiction over the general taxicab business operator of the findings thereof (hereafter referred to as "notification of nonpayment" in this Article) by the method prescribed by Presidential Decree within three months upon the expiration of the payment period. In such cases, the Minister of Land, Infrastructure and Transport shall also notify the general taxicab business operator that the relevant operator has become subject to notification of nonpayment. *<Added on Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017>*

(7) Upon receipt of the notification of nonpayment under paragraph (6), the Commissioner of the National Tax Service or the head of the tax office having jurisdiction over the general taxicab business operator shall additionally collect an amount calculated by the formula classified in the following subparagraphs from a general taxicab business operator; provided, subparagraphs 1 (b) and 2 (c) shall not apply where a general taxicab business operator fails to pay the amount under paragraph (2) on the grounds prescribed by Presidential Decree, such as the death of a general taxicab business operator. *<Amended on May 14, 2010; Dec. 31, 2011; Mar. 23, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 19, 2017; Dec. 31, 2019; Dec. 31, 2024>*

1. Where the general taxicab business operator pays the outstanding amount of tax relief pursuant to paragraph (2) through (4) (hereafter referred to as "amount of unpaid tax relief" in this paragraph) by the date on which he or she receives the notification of nonpayment: Sum of the following amounts:

(a) Amount equivalent to interest on the amount equivalent to the amount of tax relief, which is calculated by the following formula:

Amount equivalent to interest = Amount equivalent to the amount of unpaid tax relief × Period (days) from the day following the last day of the filing deadline of a return and payment of value-added tax to which tax relief has been granted pursuant to paragraph (1) until the payment date × Interest rate prescribed by Presidential Decree in consideration of interest rates applied by financial companies, etc. to past due loans;

(b) Penalty tax equivalent to 20/100 of the amount equivalent to the amount of unpaid tax relief;

2. Where the general taxicab business operator fails to pay the amount of unpaid tax relief until the date on which he or she receives the notification of nonpayment: Sum of the following amounts:

(a) Amount equivalent to the amount of unpaid tax relief;

(b) Amount equivalent to interest on the amount equivalent to the amount of tax relief, which is calculated by the following formula:

Amount equivalent to interest = Amount equivalent to the amount of unpaid tax relief × Period (days) from the day following the last day of the filing deadline of a return and payment of value-added tax to which tax relief has been granted pursuant to paragraph (1) until the date of the notification of the amount of tax to be additionally collected × Interest rate prescribed by Presidential Decree in consideration of interest rates applied by financial companies, etc. to past due loans;

(c) Penalty tax equivalent to 40/100 of the amount equivalent to the amount of unpaid tax relief;

3. Deleted. *<Dec. 31, 2011>*

(8) The Commissioner of the National Tax Service or the head of the tax office having jurisdiction over a general taxi transportation business operator shall pay, by the method prescribed by Presidential Decree, the amount equivalent to the amount of unpaid tax relief additionally collected pursuant to paragraph (7) 2 (a), to general taxicab drivers to whom the relevant general taxi transportation business operator should pay pursuant to paragraph (2). *<Added on Dec. 19, 2017>*

Article106-8 Deleted. *<Jan. 1, 2014>*

Article 106-9 (Special Taxation for Payment of Value-Added Tax by Purchasers of Scrap)

(1) A business operator who intends to supply, or to be supplied with, any of the following articles (hereinafter referred to as "scrap, etc."), or a business operator who intends to import such articles (hereinafter referred to as "business operator of scrap, etc.") shall open an account for transactions of scrap, etc. (hereinafter referred to as "account for trading scrap, etc."), as prescribed by Presidential Decree: *<Amended on Dec. 15, 2015; Dec. 31, 2023>*

1. Castings in the form of bullion, which are produced from the waste, scrap, or ingot of non-ferrous metals, or from the waste or scrap of re-melted non-ferrous metals similar thereto, classified in the Harmonized System of Korea published by the Minister of Economy and Finance under Article 84 of

the Customs Act;

2. Deleted; *<Dec. 31, 2023>*

3. Waste and scrap of iron; remelting scrap ingots of iron or steel; or other similar articles prescribed by Presidential Decree, classified in the Harmonized System of Korea published by the Minister of Economy and Finance under Article 84 of the Customs Act.

(2) Notwithstanding Article 31 of the Value-Added Tax Act, no value-added tax shall be levied on any scrap, etc. supplied by a business operator of scrap, etc. to another business operator of scrap, etc. *<Amended on Dec. 15, 2015>*

(3) A business operator of scrap, etc. supplied with scrap, etc. from another business operator of scrap, etc. shall pay the amount specified in subparagraph 1 to the business operator that has supplied the scrap, etc. and the amount specified in subparagraph 2 to the person designated by Presidential Decree, respectively, by using his or her account for trading scrap, etc., by not later than the date following the date the scrap, etc. is supplied (if the date the scrap, etc. is supplied is earlier than the date a tax invoice is issued, referring to the date the tax invoice is issued) (hereafter in this Article referred to as "deadline for payment of value-added tax"); provided, if such business operator of scrap, etc. settles the price of the scrap, etc. by any of the methods prescribed by Presidential Decree, such as a loan for financing business purchases, it may pay the amount specified in subparagraph 2 only: *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018>*

1. The price of the scrap, etc.;

2. The amount calculated by applying the tax rate specified in Article 30 of the Value-Added Tax Act to the tax base specified in Article 29 of that Act (hereafter in this Article, referred to as "amount of value-added tax").

(4) Notwithstanding Article 50 of the Value-Added Tax Act, value-added tax on imported scrap, etc. may be paid by any of the methods prescribed by Presidential Decree through an account for trading scrap, etc. *<Amended on Dec. 15, 2015>*

(5) Where a business operator of scrap, etc. supplied with scrap, etc., fails to pay the amount of value-added tax calculated under paragraph (3) 2, the amount of tax stated in the tax invoice, which is issued by another business operator of scrap, etc. who has supplied the scrap, etc. shall not be deemed the input tax deductible from the output tax, notwithstanding Article 38 of the Value-Added Tax Act. *<Amended on Dec. 15, 2015>*

(6) Where the price of scrap, etc. is settled between business operators of scrap, etc. without using an account for trading scrap, etc. under paragraph (3), 10/100 of the price of the scrap, etc. shall be levied on the business operator of scrap, etc. who has supplied, or has been supplied with, such scrap, etc., as a penalty tax; provided, no penalty tax shall be levied on any business operator who intends to supply, or to be supplied with, a mixture of any of the articles specified under paragraph (1) and products specified in Article 106-4 (1) 3, using an account for trading gold under the main clause of that paragraph. *<Amended on Dec. 15, 2015; Dec. 20, 2016>*

(7) Where a business operator of scrap, etc. supplied with scrap, etc., fails to pay the amount of value-added tax as prescribed in paragraph (3), the head of the competent tax office shall collect, from the business operator of scrap, etc., the amount of value-added tax payable plus an amount calculated by multiplying the interest rate prescribed by Presidential Decree for the period from the date immediately following the deadline for payment of value-added tax until the date the amount of value-added tax is paid (which shall not be later than the deadline for filing a tax return under Articles 48, 49, and 67 of the Value-Added Tax Act). *<Amended on Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018>*

(8) The amount of value-added tax paid by a business operator of scrap, etc. supplied with scrap, etc. under paragraph (3) shall be either deducted from the amount of tax payable by the business operator of scrap, etc. who has supplied the scrap, etc., or added to the amount of tax refundable. *<Amended on Dec. 15, 2015>*

(9) If the ratio of the sales of scrap, etc. to the purchases of scrap, etc. during the periods for filing the pertinent preliminary and final returns, does not exceed the ratio prescribed by Presidential Decree, the head of the competent tax office may postpone the refund; provided, the same shall not apply in any of the following cases: *<Amended on Dec. 15, 2015>*

1. Where the amount of tax refundable does not exceed the amount prescribed by Presidential Decree;
2. In cases prescribed by Presidential Decree where the business operator of scrap, etc. is unlikely to default on taxes, or to evade taxes.

(10) A person designated by Presidential Decree under the main clause of paragraph (3) who receives the value-added tax paid under paragraph (3) shall deposit the amount of value-added tax calculated after deducting from the amount of tax payable or adding to the amount of tax refundable as prescribed by paragraph (8) into the National Treasury by the 25th of the month following the end of each quarter.

(11) An amount erroneously paid or overpaid out of the amount of value-added tax paid by a business operator of scrap, etc. supplied with scrap, etc. pursuant to paragraph (3) shall be refunded to such business operator, notwithstanding Article 51 (1) of the Framework Act on National Taxes. *<Added on Dec. 19, 2017>*

(12) The Commissioner of the National Tax Service may, if necessary for the preservation of value- added tax, order a business operator who supplies or receives scrap, etc. or an importer of scrap, etc. to prepare and submit tax invoices and a table of total tax invoices. *<Added on Dec. 31, 2023>*

(13) The scope of business operators of scrap, etc. who should use an account for trading scrap, etc.; methods for depositing in an account for trading scrap, etc.; the disposal of the amount of value-added tax deposited; managing returns on, and payment of, value-added tax, income tax, and corporate tax by business operators dealing in scrap, etc.; order to prepare and submit tax invoices; and other matters necessary for implementing the purchaser payment system under paragraphs (1) through (12) shall be prescribed by Presidential Decree. *<Amended on Dec. 15, 2015; Dec. 19, 2017; Dec. 31, 2023>*

Article 106-10 (Proxy Payment of Value-Added Tax on Amounts of Settlement by Credit Cards)

(1) Where an entrepreneur prescribed by Presidential Decree as chosen based on the delinquency rate of value-added tax, etc. (hereafter in this Article, referred to as "entrepreneur subject to application of special cases") supplies any goods or service (limited to transactions by means of a credit card, debit card, or pre-paid card defined in Article 2 of the Specialized Credit Finance Business Act) subject to value-added tax and receives proceeds from the supply, from a credit card company prescribed by Presidential Decree (hereafter in this Article, referred to as "credit card company"), the relevant credit card company shall, notwithstanding Article 31 of the Value-Added Tax Act, collect as the value added tax an amount equivalent to 4/110 of the proceeds from the supply when it pays the relevant proceeds from the supply to the entrepreneur subject to application of special cases, and shall, along with a written return of value-added tax payment by proxy prescribed by Presidential Decree, pay the tax to the head of the tax office having jurisdiction over the credit card company by not later than the 25th day of the month following the end of each quarter. <*Amended on Dec. 28, 2021*>

(2) The value-added tax amount paid by a credit card company pursuant to paragraph (1) shall be deemed a tax amount already paid by an entrepreneur subject to application of special cases at the time of filing returns pursuant to Articles 48 and 48 of the value-added tax Act.

(3) In cases of assessing and collecting value-added tax from an entrepreneur subject to application of special cases in accordance with the main clauses of Articles 48 (3) and 66 (1) of the Value-Added Tax Act, the amount calculated by subtracting from the assessed tax amount, the value-added tax amount payable by the credit card company to the head of the tax office having jurisdiction over the credit company pursuant to paragraph (1) as at the end of the relevant preliminary return period or preliminary imposition period shall be collected, respectively; provided, if the calculated amount is a negative figure, it shall be deemed nil.

(4) An enterprise subject to application of special cases is entitled to deduct an amount calculated by multiplying the value-added tax amount paid by a credit card company pursuant to paragraph (2) by the interest rate prescribed by Presidential Decree based on the interest rates of financial institutions, from the amount of tax payable at the time of filing returns pursuant to Articles 48 and 49 of the Value-Added Tax Act. In such cases, if the tax amount payable after subtracting the relevant amount of deduction (referring to a tax amount calculated by subtracting or adding the tax amount to be subtracted from or added to the amount of tax payable under this Act, the Value-Added Tax Act, and the Framework Act on National Taxes (excluding penalty taxes under Article 60 of the Value-Added Tax Act, and Articles 47-2 through 47-4 of the Framework Act on National Taxes), from the amount of tax payable under Article 37 (2) of the Value-Added Tax Act) is a negative figure, it shall be deemed nil.

(5) The Commissioner of the National Tax Service shall provide credit card companies with information on entrepreneurs subject to application of special cases necessary for proxy payment to enable them to pay value-added tax pursuant to paragraph (1).

(6) The Commissioner of the National Tax Service shall subsidize expenses necessary for making payment pursuant to paragraph (1) to credit card companies.

(7) Except as otherwise expressly prescribed in paragraphs (1) through (6), matters concerning notification of designation of entrepreneurs subject to application of special cases and other necessary matters shall be prescribed by Presidential Decree.

Article 106-11 (Special Cases for Purchaser's Payment of Value-Added Tax on Consignment Services to Duty-Free Shops)

(1) If a tourism business operator defined in subparagraph 2 of Article 2 of the Tourism Promotion Act (hereinafter referred to as "tourism business operator") intends to provide a service attracting tourists to duty-free shops as prescribed by Presidential Decree (duty-free shop visitor attraction services) to another tourism business operator or a person patented to operate a bonded store under Article 196 of the Customs Act (hereinafter referred to as "duty-free shop operator"), the tourism business operators supplying and receiving such duty-free shop visitor attraction services and the duty-free shop operator shall, as prescribed by Presidential Decree, open an account for the transaction of duty-free shop visitor attraction services (hereinafter referred to as a "duty-free shop visitor attraction service transaction account").

(2) Notwithstanding Article 31 of the Value-Added Tax Act, if a tourism business operator supplies duty-free shop visitor attraction services to another tourism business operator or a duty-free shop operator, he/she shall not collect value-added tax from the recipient of such supply.

(3) A tourism business operator or a duty-free shop operator who has been supplied with duty-free shop visitor attraction services by a tourism business operator shall deposit the amount referred to in subparagraph 1 to the tourism business operator who has supplied the relevant duty-free shop visitor attraction services, and the amount referred to in subparagraph 2 to a person prescribed by Presidential Decree, through a duty-free shop visitor attraction service transaction account, by the deadline prescribed by Presidential Decree (hereafter referred to as "deadline for depositing value-added tax" in this Article) from the date he or she receives such services (referring to the date of receipt of a tax invoice, if the date of receipt of a tax invoice comes earlier than the date of receipt of a tax invoice); provided, if the value of duty-free shop visitor attraction services is settled by the methods prescribed by Presidential Decree, such as loans for corporate purchase funds, only the amount referred to in subparagraph 2 may be deposited.

1. Value of duty-free shop visitor attraction services;
2. The amount calculated by applying the tax rate specified in Article 30 of the Value-Added Tax Act to the tax base specified in Article 29 of that Act (hereafter in this Article, referred to as "amount of value-added tax").

(4) Notwithstanding Article 38 of the Value-Added Tax Act, if a tourism business operator or a duty-free shop operator supplied with the duty-free shop visitor attraction services fails to deposit value-added tax pursuant to paragraph (3), the tax amount stated in the tax invoice issued by the tourism business operator who has supplied the relevant duty-free shop visitor attraction services shall not be deemed input tax

deductible from output tax.

(5) If a tourist business operator who has supplied duty-free shop visitor attraction services has received settlement of the value of duty-free shop visitor attraction services without using a duty-free shop visitor attraction services transaction account pursuant to paragraph (3), the head of the tax office having jurisdiction over the place for tax payment shall collect 10/100 of the value of duty-free shop visitor attraction services from the tourism business operator or a duty-free shop operator who has supplied the relevant duty-free shop visitor attraction services and the tourism business operator or a duty-free shop operator who has been supplied with the relevant duty-free shop visitor attraction services, respectively.

(6) Where a tourism business operator or a duty-free shop operator supplied with duty-free shop visitor attraction services fails to pay the amount of value-added tax as prescribed in paragraph (3), the head of the competent tax office having jurisdiction over the place for tax payment shall collect the amount of value-added tax payable plus an amount calculated by multiplying the interest rate prescribed by Presidential Decree for the period from the date immediately following the deadline for payment of value-added tax until the date the amount of value-added tax is paid (which shall not be later than the deadline for filing a tax return under Articles 48, 49, and 67 of the Value-Added Tax Act).

(7) The amount of value-added tax deposited under paragraph (3) by a tourism business operator or a duty-free shop operator who has been supplied with duty-free shop visitor attraction services shall be deducted from the tax amount to be paid by the tourism business operator who has supplied the relevant duty-free shop visitor attraction services, or added to the tax amount to be refunded.

(8) The head of the tax office having jurisdiction over the place for tax payment may withhold the refund under Article 59 of the Value-Added Tax Act if the ratio of the sales of duty-free shop visitor attraction services to the purchase amount of duty-free shop visitor attraction services during the relevant preliminary return period and the final return period is below the ratio prescribed by Presidential Decree: provided, this shall not apply in any of the following cases:

1. Where the amount of tax refundable does not exceed the amount prescribed by Presidential Decree;
2. In cases where the business operator is unlikely to default on taxes or evade taxes, as prescribed by Presidential Decree;

(9) A person who receives the value-added taxes under paragraph (3) shall deposit the amount of value-added tax calculated by adding the amount of tax to be deducted or refunded under paragraph (7), into the National Treasury by the 25th of the month following the end of each quarter.

(10) Notwithstanding Article 51 (1) of the Framework Act on National Taxes, the amount of value-added tax paid erroneously or excessively among the amount of value-added tax deposited pursuant to paragraph (3) shall be refunded to the business operator who has deposited the relevant amount of value-added tax.

(11) The Commissioner of the National Tax Service may, if necessary for the preservation of value-added tax, issue an order to tourism business operators and duty-free shop business operators who supply or are supplied with duty-free shop visitor attraction services to prepare and submit tax invoices and aggregate tables of tax invoices.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of the deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

(12) For the purposes of paragraphs (1) through (11), the operating methods of the duty-free shop visitor attraction services transaction account, the disposal of deposited value-added taxes, and other necessary matters shall be prescribed by Presidential Decree.

Article 107 (Special Cases concerning Indirect Taxes on Foreign Business Operators)

(1) The zero rating of value-added tax may apply to goods that foreign tourists, etc. purchase from business operators prescribed by Presidential Decree in order to take out of the Republic of Korea, or the amount of value-added tax on the relevant goods may be refunded, as prescribed by Presidential Decree.

(2) Goods that foreign tourists, etc. purchase at shops prescribed by Presidential Decree in order to take out of the Republic of Korea, may be exempt from individual consumption tax, or individual consumption tax on the relevant goods may be refunded, as prescribed by Presidential Decree.

(3) Where any goods exempt from value-added tax or individual consumption tax (including the application of the zero rating of value-added tax) or eligible for a refund thereof under paragraphs (1) and (2), are not taken out of the Republic of Korea, the value-added tax or individual consumption tax shall be collected, as prescribed by Presidential Decree.

(4) For the purposes of paragraphs (1) through (3), the scope of foreign tourists, etc.; the scope of eligible goods; the procedures for purchase and sale; tax refunds; and other necessary matters shall be prescribed by Presidential Decree.

(5) If deemed necessary for preventing unlawful distribution, the Commissioner of the National Tax Service, the commissioners of the regional tax offices, or the heads of the tax offices, may issue necessary orders to the business operators referred to in paragraph (1) or the shops referred to in paragraph (2), as prescribed by Presidential Decree.

(6) If a foreign corporation or non-resident that has no place of business in the Republic of Korea, and operates a business in a foreign country (hereafter in this Article, referred to as "foreign business operator"), purchases or is provided with any of the following goods or services for its business in the Republic of Korea, the relevant foreign business operator is entitled to get a refund of the value-added tax on such goods or services, as prescribed by Presidential Decree; provided, this shall not apply where the amount refundable to such foreign business operator for 1 year (from January 1 to December 31), does not exceed the amount prescribed by Presidential Decree: *<Amended on Dec. 31, 2023>*

1. Food and lodging services;
2. Advertisement services;
3. Other goods or services prescribed by Presidential Decree.

(7) Where a foreign diplomat stationed in the Republic of Korea or any other equivalent person prescribed by Presidential Decree (hereafter in this Article, referred to as "diplomat, etc."), purchases or is provided

with any goods or services (excluding any goods or services subject to Articles 21 through 25 of the Value-Added Tax Act) at a duty-free shop prescribed by Presidential Decree, the relevant diplomat, etc. is entitled to get a refund of the value-added tax levied on such goods or services up to two million won per year, as prescribed by Presidential Decree. *<Amended on Jun. 7, 2013; Dec. 24, 2018>*

(8) The refund of value-added tax under paragraph (6) or (7) shall apply only where the relevant foreign country makes the same refund to Korean business operators, diplomats, or diplomatic missions.

(9) Paragraph (6) may apply mutatis mutandis to any of the following foreign corporations involved directly in operating the 2018 PyeongChang Olympic and Paralympic Winter Games (hereafter in this Article, referred to as the "Games") to refund value-added tax on any of the following goods or services supplied to the corporation in connection with operating the Games, by December 31, 2018, and the goods or services prescribed by Presidential Decree, supplied to a foreign corporation referred to in subparagraph 2 in connection with broadcasting the Games; provided, paragraph (8) shall not apply: *<Added on Dec. 20, 2016>*

1. A foreign corporation referred to in Article 104-28 (1) 1 or 2;
2. A foreign corporation referred to in Article 104-28 (1) 3 or a person who holds the exclusive broadcast rights of the Games under a contract with the International Olympic Committee;
3. A foreign corporation that provides money, goods, or services to the International Olympic Committee of the Organizing Committee of the Games in consideration for the license for using the emblem of the International Olympic Committee under a contract with the International Olympic Committee;
4. Other foreign corporations prescribed by Presidential Decree.

Article 107-2 (Special Cases concerning Value-Added Tax for Foreign Tourists)

(1) Where foreign tourists, etc. are provided with accommodation services for not more than 30 days (hereafter referred to as "accomodation services subject to refund" in this Article) at a tourist accommodation facility that meets the requirements prescribed by Presidential Decree and falls under Article 3 (1) 2 and 3 (b) of the Tourism Promotion Act (hereafter referred to as "tourist accommodation facility eligible for special cases" in this Article) from January 1, 2018 to December 31, 2025, they may receive a refund of value-added tax on the relevant accomodation services subject to refund, as prescribed by Presidential Decree. *<Amended on Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2022; Dec. 31, 2024>*

(2) Where a foreign tourist, etc. receives a refund of value-added tax on accommodation services ineligible for tax refund under paragraph (1), the head of the tax office having jurisdiction over the tourist accommodation facilities eligible for special cases shall collect the amount of the value-added tax from a person prescribed by Presidential Decree, such as a business entity of tourist accommodation facilities eligible for special cases, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

(3) Where deemed necessary for preventing the illegal refund of value-added tax, the Commissioner of the National Tax Service, the commissioner of the competent regional tax office, or the head of the competent tax office may issue necessary orders to tourist accommodation facilities eligible for special cases, as prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

(4) For the purposes of paragraphs (1) and (2), the scope of foreign tourists, tourist accommodation facilities eligible for special cases, and accommodation services eligible for tax refunds, the procedure for tax refunds, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2024>*

Article 107-3 (Special Cases concerning Refunds of Value-Added Tax to Foreign Tourists Provided with Medical Services for Cosmetic Surgeries)

(1) A foreign tourist prescribed by Presidential Decree (hereafter in this Article, referred to as "foreign tourist") who is provided with medical services prescribed by Presidential Decree (hereafter in this Article, referred to as "medical services eligible for refund") at a medical institution registered with the Minister of Health and Welfare under Article 6 (1) of the Act on Supporting of Overseas Expansion of Medical Services and Attraction of International Patients (hereafter in this Article, referred to as "medical institution eligible for special treatment") by not later than December 31, 2025, is entitled to obtain a refund of value-added tax levied on such medical services, as prescribed by Presidential Decree. *<Amended on Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 31, 2022>*

(2) Where the operator of a medical institution eligible for special treatment provides medical services eligible for refund to a foreign tourist, the operator shall issue a certificate of provision of medical services in the form prescribed by Decree of the Ministry of Economy and Finance (hereafter in this Article, referred to as "certificate of provision of medical services"), to the foreign tourist, and shall transmit the same to the person who engages in the business refunding the value-added tax paid by foreign tourists (hereafter in this Article, referred to as "business operator of refund desks") electronically through an information and communications network.

(3) A foreign tourist who intends to obtain a refund under paragraph (1) shall submit the relevant certificate of provision of medical services to any business operator of refund desks within three months from the date the foreign tourist is provided with medical services eligible for refund.

(4) Where a foreign tourist has obtained a refund of value-added tax for any medical services other than medical services eligible for refund; where a medical institution eligible for special treatment has issued or transmitted a certificate of provision of medical services containing a false statement; or where any of the grounds prescribed by Presidential Decree arises, the head of the tax office having jurisdiction over the medical institution eligible for special treatment shall collect the value-added tax and penalty tax from such medical institution. In such cases, Articles 57, 57-2, 58, and 60 of the Value-Added Tax Act shall apply to the assessment, collection, etc. of the amount of value-added tax. *<Amended on Dec. 31, 2024>*

(5) For the purposes of paragraphs (1) through (4), requirements for, and procedures for designation of, business operators of refund desks; procedures for refunding and collecting value-added tax; and other necessary matters shall be prescribed by Presidential Decree.

Article 108 (Special Cases concerning Deduction of Input Tax Amount for Value-Added Tax on Recycled Waste Resources)

(1) Where a business operator who collects recycled waste resources and used cars, acquires waste resources by not later than December 31, 2023 or used cars by not later than December 31, 2025, from persons prescribed by Presidential Decree, including persons unable to issue tax invoices, and then manufactures, processes, or supplies such recycled waste resources and used cars, the business operator is entitled to deduct an amount calculated by multiplying the acquired value thereof by the following value, as his or her input tax amount, from his or her output tax calculated under Article 37 (1) or 38 of the Value-Added Tax Act: *<Amended on Jun. 7, 2013; Jan. 1, 2014; Jan. 1, 2014; Dec. 20, 2016; Dec. 19, 2017; Apr. 24, 2018; Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Recycled waste resources: 3/103; provided, 5/105 shall apply if they are acquired during the period between January 1, 2014 and December 31, 2015;
2. Used cars: 10/110.

(2) Where a business operator who collects recycled waste resources, has been granted a special deduction of an input tax amount for value-added tax on such waste resources, the business operator is entitled to deduct the input tax amount up to the ceiling calculated by subtracting the purchase value of such waste resources (excluding the purchase value of the business operator's fixed business assets) acquired upon receipt of a tax invoice from the amount calculated by multiplying the tax base of value-added tax on such waste resources supplied by the business operator during the relevant taxable period, at the time of filing the final return of value-added tax, by 80/100 (or 90/100, in cases of the recycled waste resources acquired by not later than December 31, 2007) from the output tax amount. In such cases, if the business operator has deducted such amount as the input tax amount of such waste resources at the time of filing the preliminary return under Article 48 of the Value-Added Tax Act, and the return of refunds under Article 59 (2) of that Act, such amount shall be adjusted at the time of filing the final return under Article 49 of that Act. *<Amended on Jun. 7, 2013>*

(3) For the purposes of paragraphs (1) and (2), the scope of business operators who collect recycled waste resources and used cars; the scope of recycled waste resources and used cars; methods for deducting the input tax amount; and other necessary matters shall be prescribed by Presidential Decree.

Article 108-2 (Special Cases Concerning Deduction of Input Tax Amount for Value-Added Tax on Scrap, etc. of Business Operators of Scrap, etc.)

(1) Where a business operator of scrap, etc. has a special deduction of an input tax amount for value-added tax on scrap, etc. under Article 108 (1), the business operator may file a report thereon to the head of the

tax office having jurisdiction over the place of his or her business, as prescribed by Presidential Decree, within 25 days after expiration of the period prescribed by Presidential Decree (hereafter referred to as "period for special deduction" in this Article), notwithstanding the former part of Article 108 (2). *<Amended on Dec. 15, 2015>*

(2) A business operator of scrap, etc. shall pay the amount of tax payable for the period of special deduction to the head of the tax office having jurisdiction over his or her place of business at the time the business operator files a report under paragraph (1). *<Amended on Dec. 15, 2015>*

(3) The Value-Added Tax Act shall apply where the value-added tax is paid and reported under paragraphs (1) and (2).

Article 108-3 (Special Cases Concerning Preliminary Imposition of Value-Added Tax on Gold Business Operators)

(1) Where the value-added tax assessed under the main clauses of Article 48 (3) and 66 (1) of the Value-Added Tax Act is collected from a gold business operator, business operator of scrap, or tourist attraction business operator, an amount computed by subtracting the value-added taxes to be deposited into the National Treasury from the gold transaction account, scrap, etc. transaction account, or duty-free shop visitor attraction services transaction account, as at the end of the preliminary return period or the preliminary imposition period from the assessed amount of tax shall be collected; provided, if the amount so computed is a negative number, the amount shall be deemed zero. *<Amended on Dec. 23, 2014; Dec. 15, 2015>*

(2) Where a gold business operator, business operator of scrap, etc., or tourism business operator files a tax return and pays value-added tax pursuant to Articles 48 (4) and 66 (2) of the Value-Added Tax Act, he or she shall file a tax return and pay the amount calculated by subtracting the value-added tax to be paid to the National Treasury from the gold transaction accounts, transaction accounts of scrap, etc., or transaction accounts for duty-free shop visitor attraction services as at the end date of the preliminary tax return period or preliminary imposition period; provided, if the amount of tax calculated is a negative number, it shall be deemed "0." *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 31, 2024>*

Article 108-4 (Reduction or Exemption of Value-Added Tax for Small-Scale Sole Proprietorship)

(1) Where a business entity that meets all of the following requirements files a final return under Article 49 of the Value-Added Tax Act for the goods or services supplied or provided by December 31, 2020, the amount to be paid for value-added tax shall be reduced or exempted by the amount specified in paragraph (3):

1. The business entity shall be a general taxable person defined in subparagraph 5 of Article 2 of the Value-Added Tax Act and a sole proprietorship;

2. If the aggregate of supply prices for goods or services supplied or provided during the taxable period for which the business entity wishes to be granted a tax reduction or exemption (if the business entity

operates two or more places of business, referring to the aggregate of supply prices for the two or more places of businesses) shall not exceed 40 million won; provided, if the relevant taxable period is less than six months (a number of days less than a month shall be deemed as one month), it shall be converted into an amount for six months;

3. The business entity shall engage in a business other than businesses prescribed by Presidential Decree as ineligible for tax reduction or exemption in consideration of the types of business, etc. (hereinafter referred to as "businesses not eligible for tax reduction or exemption").

(2) For the purposes of paragraph (1), if a business entity engages in two or more different types of business, value-added tax shall be reduced or exempted only for the businesses not included in those not eligible for tax reduction or exemption.

(3) The amount to be reduced or exempted from value-added tax under paragraph (1) shall be calculated by the following formula (if the amount is a negative figure, it shall be deemed nil):

Tax amount reduced or exempted = Tax amount according to ordinary taxation method (A) ? Tax amount according to simplified taxation method (B)

A : Tax amount paid pursuant to Article 37 (2) of the Value-Added Tax Act, less the amount of tax credits prescribed by Presidential Decree, including tax credits for the use of credit cards, etc. under Article 46 of that Act

B : Aggregate of prices for supply of goods and services during the relevant taxable period (excluding the supply of goods or services to which zero rate is applicable) × Value-added rate prescribed by Presidential Decree for each type of business in consideration of the average value-added rate reported for each type of business during the immediately preceding three years × 10 percent

(4) A business entity that wishes to be granted a tax reduction or exemption under paragraph (1) shall file an application for tax reduction or exemption with the head of the tax office having jurisdiction over the place of tax payment at the time of filing a final tax return pursuant to Article 49 of the Value-Added Tax Act.

(5) Detailed methods of calculating a tax amount to be reduced or exempted under paragraphs (1) through (4), the procedure for filing an application for tax reduction or exemption, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

Article 108-5 (Special Cases of Exemption Simplified Taxable Persons from Liability to Pay Value-Added Tax)

(1) A business entity that meets all of the following requirements shall be exempted from the liability to pay value-added tax under Article 63 (2) of the Value-Added Tax Act for goods or services supplied by December 31, 2020, notwithstanding Articles 66 and 67 of that Act; provided, this shall not apply to a tax

amount that shall be added to a tax amount to be paid under Article 64 of the Value-Added Tax Act:

1. The business entity shall be a simplified taxable person defined in subparagraph 4 of Article 2 of the Value-Added Tax Act;

2. The aggregate of supply prices during the taxable period for which the business entity wishes to be exempted from tax liability shall be not less than 30 million won but less than 48 million won;

3. The business entity shall engage in a business that is not classified as a business not eligible for tax reduction or exemption.

(2) For the purposes of paragraph (1), if a business entity engages in two or more different types of business, the liability to pay value-added tax shall be exempted only for the businesses not included in those not eligible for tax reduction or exemption.

(3) Article 69 (2) through (4) of the Value-Added Tax Act shall apply mutatis mutandis to the exemption from the liability to pay the tax under paragraph (1).

(4) Detailed methods of calculating a tax amount exempted from tax liability under paragraphs (1) through (3) and other necessary matters shall be prescribed by Presidential Decree.

Article 109 (Reduction or Exemption of Individual Consumption Tax on Environment-Friendly Motor Vehicles)

(1) Individual consumption tax shall be reduced or exempted on hybrid motor vehicles defined in subparagraph 5 of Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of that Act.

(2) The amount of individual consumption tax to be reduced or exempted under paragraph (1) shall be as follows: *<Added on Dec. 31, 2024>*

1. The full amount of individual consumption tax, if it does not exceed 0.7 million won;

2. 0.7 million won, if the amount of individual consumption tax exceeds 0.7 million won.

(3) Paragraph (1) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between July 1, 2009 and December 31, 2026. *<Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2024>*

(4) Individual consumption tax shall be reduced or exempted on electric motor vehicles defined in subparagraph 3 of Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of that Act. *<Added on Dec. 31, 2011>*

(5) The amount of individual consumption tax to be reduced or exempted under paragraph (4) shall be as follows: *<Added on Dec. 31, 2011; Dec. 19, 2017>*

1. The full amount of individual consumption tax, if it does not exceed three million won;

2. Three million won, if the amount of individual consumption tax exceeds three million won.

(6) Paragraph (4) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between January 1, 2012 and December 31, 2026. *<Added on Dec. 31, 2011; Dec. 23, 2014; Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2024>*

(7) Individual consumption tax shall be reduced or exempted on hydrogen electric motor vehicles defined in subparagraph 6 of Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles, satisfying the requirements prescribed under subparagraph 2 of Article 2 of that Act. *<Added on Dec. 20, 2016; Dec. 31, 2018>*

(8) The amount of individual consumption tax to be reduced or exempted under paragraph (7) shall be as follows: *<Added on Dec. 20, 2016>*

1. The full amount of individual consumption tax, if it does not exceed four million won;
2. Four million won, if the amount of individual consumption tax exceeds four million won.

(9) Paragraph (7) shall apply only to motor vehicles released from a place of manufacturing or a bonded area during the period between January 1, 2017 and December 31, 2026. *<Added on Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022; Dec. 31, 2024>*

Article 109-2 (Reduction or Exemption of Individual Consumption Tax for Replacing Decrepit Motor Vehicles)

(1) Where any person (including any corporation) who owns, as at June 30, 2019 (based on the date of registration; hereafter in this Article, the same shall apply), a decrepit motor vehicle newly registered on or before December 31, 2009 pursuant to the Motor Vehicle Management Act (excluding two-wheeled motor vehicles and used motor vehicles acquired by a motor vehicle dealer registered under the Motor Vehicle Management Act for sale; hereafter in this Article, referred to as "decrepit vehicle") scraps or exports the decrepit vehicle and registers a new passenger vehicle (limited to a passenger vehicle, excluding passenger vehicles using diesel oil, among newly-manufactured vehicles defined in subparagraph 7 of Article 2 of the Motor Vehicle Management Act; hereafter in this Article, referred to as "new vehicle") in his or her name within two months before or after the date the decrepit diesel motor vehicle is deregistered, the person is entitled to a tax reduction by 70/100 on individual consumption tax. In such cases, a reduction of individual consumption tax shall be granted for only one new vehicle replacing one decrepit diesel motor vehicle. *<Amended on Dec. 31, 2019>*

(2) Where the amount of tax to be reduced per motor vehicle under paragraph (1), exceeds one million won, one million won shall be reduced.

(3) Where a reduction of individual consumption tax is granted to a person failing to meet the requirements prescribed in paragraph (1), the head of the competent tax office or the head the competent customs office shall collect the aggregate of the following amounts from a taxpayer under Article 3 of the Individual Consumption Tax Act; provided, a new motor vehicle buyer shall be deemed a taxpayer under Article 3 of the Individual Consumption Tax Act in circumstances prescribed by Presidential Decree:

1. The amount of tax reduced under paragraphs (1) and (2) (if a tax reduction is granted for at least two new motor vehicles per decrepit motor vehicle, referring to the amount of tax reduced on all the new motor vehicles);

2. Penalty tax equivalent to 10/100 of the amount of tax reduced under subparagraph 1 (if a tax reduction is granted for at least two new motor vehicles per decrepit motor vehicle, referring to the equivalent to 40/100 of the amount of tax reduced).

(4) Paragraph (3) need not apply in extenuating circumstances prescribed by Presidential Decree.

(5) Procedures for applying for reductions or exemptions; how to verify and submit evidentiary documents; how to collect the amount of tax reduced and penalty tax; and other necessary matters under paragraphs (1) through (3) shall be prescribed by Presidential Decree.

(6) Deleted. *<Dec. 20, 2016>*

Article 109-3 (Exemption from Individual Consumption Tax on Goods for EXPO 2012 Yeosu Korea)

(1) Goods acquired by the Organizing Committee for the EXPO 2012 Yeosu Korea participants in the EXPO prescribed by Presidential Decree (hereafter referred to as "EXPO participants" in this Article) to use for the manufacture and construction of direct facilities for EXPO under subparagraph 2 of Article 2 of the Special Act on Support to and Ex-Post Facto Utilization of the Expo 2012 Yeosu Korea, and for the operation of EXPO, which are difficult to manufacture in Korea shall be exempted from individual consumption tax. *<Amended on Jan. 26, 2012>*

(2) When an EXPO participant transfers gratuitously the articles of exhibit prescribed by Presidential Decree to the EXPO management entity prescribed by Presidential Decree after the EXPO Yeosu Korea is over, such articles shall be exempted from individual consumption tax.

Article 109-4 (Reduction or Exemption of Individual Consumption Tax on Motor Vehicles)

(1) Individual consumption tax on a motor vehicle defined in Article 1 (2) 3 of the Individual Consumption Tax Act and released from the place of manufacturing or declared as an import during the period from March 1, 2020 to June 30, 2020 shall be reduced by 70/100.

(2) Notwithstanding paragraph (1), where a person liable to pay individual consumption tax under Article 3 of the Individual Consumption Tax Act has already paid, or is obliged to pay, individual consumption tax on a motor vehicle that meets all of the following requirements, if the person files a tax return thereon with the head of the competent tax office or the head of the competent customs office by June 30, 2020, along with evidentiary documents, such as a letter of confirmation of a product in stock, a certificate of sale, and an application for refund on the relevant motor vehicle, as determined by the Commissioner of the National Tax Service or the Commissioner of Korea Customs Service, the person may be granted the refund of a tax amount equivalent to the reduced portion of the tax or a tax credit on the tax amount to be paid, deeming that the motor vehicle is released from the place of manufacturing or declared as an import on or after March 1, 2020:

1. The motor vehicle was released from the place of manufacturing or declared as an import on or before February 29, 2020;

2. The manufacturer, importer, wholesaler, or retailer of the motor vehicle has the motor vehicle in a place designated by the Commissioner of the National Tax Service or the Commissioner of Korea Customs Service, such as a storage depot, a direct distribution store, or a bonded area, as at March 1, 2020;

3. The manufacturer, importer, wholesaler, or retailer of the motor vehicle shall sell the motor vehicle to a consumer during the period from March 1, 2020 to June 30, 2020.

(3) If the amount of the reduction under paragraph (1) or (2) exceeds one million won, only one million won shall be reduced.

Article 110 (Exemption from Individual Consumption Tax on Passenger Motor Vehicles for Diplomats, etc.)

(1) Any domestic passenger motor vehicle purchased by a diplomat prescribed by Presidential Decree, who is stationed in the Republic of Korea and any similar motor vehicle purchased for business, on the recommendation by the competent Minister, by a foreign non-government assistance organization registered under the agreement, shall be exempted from the individual consumption tax.

(2) Any national who intends to take a domestic passenger motor vehicle under paragraph (1) out of the manufacturing place shall obtain approval from the head of the competent tax office, as prescribed by Presidential Decree.

Article 111 (Exemption of Individual Consumption Tax or Traffic, Energy and Environment Tax on Petroleum Products)

(1) Any of the following petroleum products shall be exempted from individual consumption tax or traffic, energy and environment tax. In such cases, petroleum products specified in subparagraph 2 shall be exempted from individual consumption tax or traffic, energy and environment tax, only if they are released from a place of manufacturing or a bonded area by not later than December 31, 2025: <*Amended on Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022*>

1. Petroleum products referred to in Article 105 (1) 2;

2. Petroleum products referred to in Article 106 (1) 1.

(2) Biodiesel mixed with fuel that may be used as an alternative to the petroleum products publicly notified by the Minister of Trade, Industry and Energy pursuant to Article 29 (2) 6 of the Petroleum and Alternative Fuel Business Act shall be exempted from traffic, energy and environment tax, only if it is released from a place of manufacturing or a bonded area by not later than December 31, 2011. <*Amended on Dec. 27, 2010; Mar. 23, 2013*>

Article 111-2 (Special Cases concerning Refund of Traffic, Energy and Environment Tax and Individual Consumption Tax on Fuel for Compact Motor Vehicles)

(1) Where a person who owns a motor vehicle that does not exceeds the criteria prescribed by Presidential Decree, such as a vehicle with the engine displacement of less than 1,000 cc, among passenger vehicles, motor vehicles for passengers and freight, trucks, or motorcycles defined in Article 3 (1) 1 through 3 and 5 of the Motor Vehicle Management Act, and meets the requirements prescribed by Presidential Decree concerning the number of units of motor vehicles owned by the person, etc. purchases oil provided for in paragraph (3) (hereafter in this Article, referred to as "oil") to use such oil as fuel for the motor vehicle by December 31, 2026, the head of the tax office having jurisdiction over the place of business of the relevant credit card company under paragraph (5) (hereafter in this Article, referred to as "head of the competent tax office") may refund the amount of tax as prescribed in paragraph (3) out of individual consumption tax levied on the relevant fuel: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Deleted. *<Dec. 31, 2022>*
2. Deleted. *<Dec. 31, 2022>*

(2) Deleted. *<Dec. 27, 2010>*

(3) The following relevant amount of tax shall be refunded pursuant to paragraph (1); and the limit of annual refunds shall be prescribed by Presidential Decree: *<Amended on Dec. 27, 2010>*

1. Gasoline or diesel defined in Article 1 (2) 4 (a) and (b) of the Individual Consumption Tax Act: 250 won per liter levied as traffic, energy and environment tax;
2. Butane among petroleum gases referred to in Article 1 (2) 4 (f) of the Individual Consumption Tax Act: The full amount of individual consumption tax levied thereon.

(4) A person who intends to obtain a refund of traffic, energy and environment tax and individual consumption tax pursuant to paragraph (1) (hereafter in this Article, referred to as "eligible person"), shall get an oil purchase card for refund (hereafter in this Article, referred to as "oil purchase card for refund") issued by a credit card company defined in subparagraph 2-2 of Article 2 of the Specialized Credit Finance Business Act and designated by the Commissioner of the National Tax Service (hereafter in this Article, referred to as "credit card company"), as prescribed by Presidential Decree. In such cases, the person shall hold an oil purchase card for refund issued by only one credit card company. *<Amended on Dec. 27, 2010>*

(5) Where any eligible person to whom an oil purchase card for refund has been issued, purchases oil with such card, the credit card company may obtain a refund of the amount of tax under paragraph (3) or a deduction from the amount of tax payable upon filing an application for a tax refund with the head of the competent tax office.

(6) Where any person to whom an oil purchase card for refund has been issued, becomes ineligible therefor, he or she shall immediately return the oil purchase card for refund to the credit card company. In such cases, the credit card company shall without delay notify the Commissioner of the National Tax Service of such fact.

(7) Where any eligible person uses oil purchased with his or her oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle, the head of the tax office having jurisdiction over his or her domicile shall collect the aggregate of the following amounts from the eligible person:

1. The amount of tax refunded for oil used for any purpose other than the fuel of the relevant motor vehicle;
2. Penalty tax equivalent to 40/100 of the amount of tax refunded under subparagraph 1.

(8) Where an eligible person uses oil purchased with an oil purchase card for refund for any purpose other than the fuel of the relevant motor vehicle or transfers his or her oil purchase card for refund to any other person, the Commissioner of the National Tax Service or the credit card company shall exclude him or her from the eligible persons on the date he or she or it becomes aware of such fact.

(9) Where the credit card company obtains a refund or deduction in excess of the amount of tax refundable under paragraph (3) fraudulently or other deceptively, the head of the competent tax office provided for in paragraph (5) shall collect the aggregate of the amount of tax excessively refunded, and of the amount of penalty tax equivalent to 40/100 of such amount of tax excessively refunded from the credit card company.

(10) The head of the tax office having jurisdiction over the domicile of any of the following persons shall collect the aggregate of the amount of tax refunded, calculated by applying mutatis mutandis paragraph (7), and of the amount of penalty tax equivalent to 40/100 of such amount of tax refunded:

1. A person who has acquired an oil purchase card for refund from an eligible person and used it;
2. A person, other than eligible persons, who had been issued an oil purchase card for refund and used it;
3. A person who has used an oil purchase card for refund even after he or she was not eligible person anymore.

(11) The Commissioner of the National Tax Service may request the related administrative agencies, etc. to provide data necessary for efficiently administering eligible persons to the relevant Commissioner or the credit card company; and the related administrative agencies, etc. so requested shall comply therewith, except in extenuating circumstances.

(12) Procedures for refund and documents to be submitted pursuant to paragraphs (1), and (3) through (11), and other necessary matters, shall be prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

[Pursuant to the proviso of Article 1 of Addenda to Act No. 9921 (the provisions related to the repeal of traffic, energy and environment tax, among the amended provisions of Articles 111, 111-2, 113, and 140, shall enter into force on the date of enforcement of Act No. 9346 repealing traffic, energy and environment tax), the title and paragraphs (1), (3) 1 and (4) of Article 111-2 shall enter into force on January 1, 2022, and the following provisions (provisions related to the repeal of traffic, energy and environment tax) shall remain in force until December 31, 2021: *<Provisions remaining in force>*

Article 111-3 (Reduction of, or Exemption from, Individual Consumption Tax on Taxi Fuel)

(1) Butane supplied to motor vehicles (hereafter referred to as "LPG" in this Article) for general taxicab business or private taxicab business under Article 3 (2) of the Passenger Transport Service Act and subparagraph 2 (c) and (d) of Article 3 of the Enforcement Decree of the Passenger Transport Service Act by not later than December 31, 2026, among petroleum gases referred to in Article 1 (2) 4 (f) of the Individual Consumption Tax Act, is exempt from individual consumption tax by 40 won per kilogram, out of the aggregate of individual consumption tax and education tax per kilogram. *<Amended on May 14, 2010; Dec. 27, 2010; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) A general taxicab business operator and a private taxicab business operator (hereafter in this Article referred to as "taxicab business operator") who intend to obtain an individual consumption tax and education tax reduction pursuant to paragraph (1) shall get an oil purchase card for tax exemption (hereafter in this Article referred to as "tax-free oil purchase card for a taxi") issued by a credit card company defined in subparagraph 2-2 of Article 2 of the Specialized Credit Finance Business Act and designated by the Commissioner of the National Tax Service (hereafter in this Article referred to as "credit card company"), as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

(3) Where any taxicab business operator who holds a tax-free oil purchase card for a taxi purchases LPG with the relevant card, the credit card company may receive the refund of the tax amount reduced or exempted under paragraph (1) or the deduction from the payable tax amount by submitting an application for refund of exempted tax amount for the relevant LPG to the head of the competent tax office. *<Amended on Dec. 27, 2010>*

(4) Where a person who holds a tax-free oil purchase card for a taxi ceases to be a taxicab business operator, the person shall immediately return the tax-free oil purchase card for a taxi to the credit card company. In such cases, the credit card company shall without delay notify the Commissioner of the National Tax Service of such fact.

(5) Where a taxicab business operator uses LPG purchased with his or her tax-free oil purchase card for a taxi for other purpose than the taxicab business, the head of the tax office having jurisdiction over his or her domicile shall collect the aggregate of the following amounts from the taxicab business operator: *<Amended on Dec. 27, 2010>*

1. The tax amount reduced or exempted for LPG used for other purpose than the taxicab business;
2. The additional tax amount equivalent to 40/100 of the tax amount reduced or exempted under subparagraph 1.

(6) Where a taxicab business operator uses LPG purchased with a tax-free oil purchase card for a taxi for other purpose than the taxicab business or transfers his or her tax-free oil purchase card for a taxi to any third person, the Commissioner of the National Tax Service or the credit card company shall exclude him or her from the list of persons eligible to get a tax-free oil purchase card for a taxi from the date he or she or it becomes aware of such fact.

(7) Where a credit card company receives an excess refund of tax reduction or exemption under paragraph (1) or excess tax deductions by false or other unlawful means, the head of the competent tax office under paragraph (3) shall collect the aggregate of the amount of excessively refunded tax and the amount of additional tax equivalent to 40/100 of such amount of excessively refunded tax from the credit card company. *<Amended on Dec. 27, 2010>*

(8) The head of the tax office having jurisdiction over the domicile of any of the following persons shall collect the aggregate of the amount of reduced or exempted tax calculated by applying mutatis mutandis paragraph (5) and the additional tax equivalent to 40/100 of such amount of reduced or exempted tax: *<Amended on Dec. 27, 2010>*

1. A person who uses a tax-free oil purchase card for a taxi acquired from a taxicab business operator;
2. A person, other than taxicab business operators, who is issued and uses a tax-free oil purchase card for a taxi;
3. A person who has a tax-free oil purchase card for a taxi issued, keeps using the card after he or she has ceased to be a taxicab business operator.

(9) The Commissioner of the National Tax Service may request the related administrative agencies, etc. to offer data necessary for the efficient administration of taxicab businessmen to the Commissioner or the credit card company, and the related administrative agencies, etc. so requested shall comply with such request except in extenuating circumstances.

(10) Procedures for refund and documents to be submitted pursuant to paragraphs (1) through (9) and other necessary matters shall be prescribed by Presidential Decree.

Article 111-4 (Special Cases concerning Refund of Individual Consumption Tax, etc. on Fuel of Motor Vehicles for Diplomats, etc.)

(1) Where a foreign diplomatic mission, foreign diplomat, etc. in the Republic of Korea prescribed by Presidential Decree (hereafter referred to as "persons eligible for refund" in this Article) purchases petroleum products for use in a motor vehicle of a person eligible for refund by using an oil purchase card prescribed in paragraph (2), a credit card company under paragraph (2) may obtain a refund of the amounts of individual consumption tax imposed on the relevant petroleum products, traffic, energy and environment tax, education tax and motor vehicle tax and value-added tax pertaining to the operation of a motor vehicle or have them deducted from the tax amount to be refunded or paid by filing an application for the refund of the tax amount, as prescribed by Presidential Decree. In such cases, the tax exemption under Article 16 (1) 3 of the Individual Consumption Tax Act or Article 14 (1) of the Traffic, Energy and Environment Tax Act or the zero tax rate under Article 24 (1) of the Value-Added Tax Act shall not apply to the relevant petroleum products. *<Amended on Jun. 7, 2013>*

(2) A person eligible for refund under paragraph (1) shall get an oil purchase card for refund (hereafter referred to as "oil purchase card" in this Article) issued by the credit card company as defined in subparagraph 2-2 of the Article 2 of the Specialized Credit Finance Business Act that is designated by the

Commissioner of the National Tax Service (hereafter referred to as "credit card business operator" in this Article), as prescribed by Presidential Decree.

(3) The amount of the refunded tax shall be collected from any of the following persons, as prescribed by Presidential Decree; provided, in cases falling under subparagraph 2, penalty tax in the amount equivalent to 40 percent of the amount of the refunded tax shall be collected in addition to the refunded tax:

1. Where a person eligible for refund uses the petroleum products purchased with an oil purchase card for any purpose other than the fuel of the his or her motor vehicle;

2. Where a person who is not the one eligible for refund purchases petroleum products by being issued or transferred an oil purchase card.

(4) Where a credit card company receives an excess tax refund under paragraph (1) or has the tax amount excessively deducted by false or other illegal means, the head of the tax office having jurisdiction over the place of business of such credit card company shall collect penalty tax in the amount equivalent to 40 percent of the excess tax refund or deduction in addition to such excess tax refund or deduction.

(5) The Commissioner of the National Tax Service may request relevant administrative agencies, etc. to provide necessary data for the efficient management of persons eligible for refund to the Commissioner of the National Tax Service or credit card companies, and the relevant administrative agencies, etc. so requested shall comply with it unless any justifiable reason exists.

(6) The procedure for refund, documents to be submitted and other necessary matters when applying paragraphs (1) through (5) shall be prescribed by Presidential Decree.

Article 111-5 (Reduction or Exemption of Traffic, Energy and Environment Tax on Diesel for Coastal Cargo Ships)

(1) Traffic, energy and environment tax on diesel defined in Article 2 (1) 2 of the Traffic, Energy and Environment Tax Act (hereafter in this Article, referred to as "diesel") and supplied directly by December 31, 2025 to the Korea Shipping Association established pursuant to the Korea Shipping Association Act (hereinafter referred to as the "Korea Shipping Association") for the purpose of using it for the ships operated for relevant services by persons registered as providers of coastal cargo transportation services pursuant to Article 24 (1) of the Marine Transportation Act (hereinafter referred to as "providers of coastal cargo transportation services") shall be reduced by 56 won per liter. *<Amended on Dec. 31, 2022>*

(2) If no tax reduction or exemption has been granted pursuant to paragraph (1) to a person liable to pay the tax under Article 3 of the Traffic, Energy and Environment Tax Act on diesel eligible for the tax reduction or exemption under paragraph (1), the person is entitled to the refund of a tax amount or a tax credit on a tax amount to be paid or collected, as prescribed by Presidential Decree.

(3) If a provider of coastal cargo transportation services uses diesel for which the service provider was granted a tax reduction or exemption, a refund, or a tax credit under paragraph (1) or (2) for any purpose other than relevant services, the aggregate of the following amounts shall be additionally collected from the service provider:

1. The reduced or exempted amount of traffic, energy and environment tax for diesel and motor vehicle tax for the operation of motor vehicles;

2. Penalty tax in an amount equivalent to 40/100 of the tax amount reduced or exempted under subparagraph 1.

(4) If the Korea Shipping Association responsible for the supply of diesel with a reduction or exemption of traffic, energy and environment tax under paragraph (1) supplies diesel for which a tax reduction or exemption, a refund, or a tax credit was granted under paragraph (1) or (2) to a person who is not a provider of coastal cargo transportation services due to mismanagement, such as failure to verify relevant evidentiary documents, penalty tax shall be collected from the Korea Shipping Association in an amount equivalent to 20/100 of the tax amount reduced or exempted under paragraph (3) 1.

(5) Matters necessary for tax reductions or exemptions, tax refunds, or tax credits on diesel under paragraph (1), the procedure for additionally collecting a reduced or exempted tax amount, an amount equivalent to a reduced or exempted tax amount, and penalty tax shall be prescribed by Presidential Decree.

Article 111-6 Deleted. *<Dec. 31, 2022>*

Article 112 (Reduction or Exemption of Individual Consumption Tax for Golf Courses in Crisis Areas)

Notwithstanding Article 1 (3) 4 of the Individual Consumption Tax Act, The tax rate of 3,000 won shall apply to an admission to a golf course in a crisis area (limited to admissions by December 31, 2021)

Article 112-2 Deleted. *<Dec. 27, 2010>*

Article 113 (Procedures, etc. for Reducing or Exempting Individual Consumption Tax and Traffic, Energy and Environment Tax)

(1) If any of the petroleum products specified in Article 106-2 (1) 2 or any of the goods specified in Articles 110 and 111, is not used for its original purpose or is transferred to any third person within five years (or three years if a diplomat purchases a passenger care made by a domestic manufacturer defined in Article 110) from the date of importation into the Republic of Korea as tax-free goods (including tax reduced or exempt goods; hereafter in this Article, referred to as "tax exemption"), the amount of tax exempted shall be collected; provided, the amount of tax exempted shall not be collected if a diplomat who has purchased a passenger car made by a domestic manufacturer defined in Article 110, leaves his or her post and departs from the Republic of Korea, or in exceptional situations prescribed by Presidential Decree. *<Amended on Dec. 23, 2014>*

(2) If petroleum products subject to individual consumption tax or traffic, energy and environment tax, become eligible for tax exemptions under Article 106-2 (1) 1 (excluding where the tax is refunded or deducted under Article 106-2 (2)), 106-2 (1) 2, or 111, the relevant amount of tax exempted may be

refunded or deducted from the amount of tax to be paid or collected. *<Amended on Jan. 1, 2013>*

(3) The Individual Consumption Tax Act or the Traffic, Energy and Environment Tax Act shall apply mutatis mutandis, depending on the relevant goods, to the procedures for exemption from individual consumption tax or traffic, energy and environment tax under Articles 106-2 (1) 1 (excluding where the tax is refunded or deducted under Article 106-2 (2)), 106-2 (1) 2, 110, and 111 (including dispositions where the procedures for tax exemption are not complied with), to the procedures for collecting an amount of tax under paragraph (1), and to the procedure for a refund or tax credit under paragraph (2). *<Amended on Jan. 1, 2013>*

Article 113 (Procedures for reducing or exempting individual consumption tax)

(2) If petroleum products subject to individual consumption tax, become eligible for tax exemptions under Article 106-2 (1) 1 (excluding where the tax is refunded or deducted under Article 106-2 (2)), 106-2 (1) 2, or 111, the relevant amount of tax exempted may be refunded or deducted from the amount of tax to be paid or collected. *<Amended on Dec. 29, 2000; Dec. 30, 2006; Dec. 31, 2007; Jan. 1, 2013>*

(3) The Individual Consumption Tax Act shall apply mutatis mutandis, depending on the relevant goods, to the procedures for exemption from individual consumption tax under Articles 106-2 (1) 1 (excluding where the tax is refunded or deducted under Article 106-2 (2)), 106-2 (1) 2, 110, and 111 (including dispositions where the procedures for tax exemption are not complied with), to the procedures for collecting an amount of tax under paragraph (1), and to the procedure for a refund or tax credit under paragraph (2). *<Amended on Aug. 31, 1999; Dec. 28, 1999; Dec. 29, 2000; Dec. 29, 2001; Dec. 30, 2006; Dec. 31, 2007; Dec. 26, 2008; Jan. 1, 2013>]*

Article 113-2 (Integrated Management of Supply of Tax-Free Petroleum, etc.)

(1) For the integrated management of details of supply, etc. of the following petroleum products (referring to petroleum and petroleum products under the Petroleum and Alternative Fuel Business Act; hereafter in this Article, referred to as "tax-free petroleum, etc."), the Commissioner of the National Tax Service shall construct a computerized system:

1. Petroleum products prescribed in Article 106-2 (1);
2. Petroleum products prescribed in Article 111 (1);
3. Petroleum products used for motor vehicles, prescribed in Article 16 (1) 3 of the Individual Consumption Tax Act and Article 14 (1) of the Traffic, Energy and Environment Tax Act;
4. Petroleum products used for vessels in international navigation or deep-sea fishery vessels, prescribed in Article 18 (1) 9 of the Individual Consumption Tax Act and Article 15 (1) 3 of the Traffic, Energy and Environment Tax Act.

(2) If necessary for constructing and operating a computerized system under paragraph (1), the Commissioner of the National Tax Service may request the institutions, organizations, etc. prescribed by Presidential Decree to provide information or data prescribed by Presidential Decree, such as details of

supply, etc. of tax-free petroleum, etc. In such cases, an institution, etc. in receipt of such request shall comply therewith, except in extenuating circumstances.

(3) Methods for submitting information or data under paragraph (2); frequency of such submission; and other necessary matters, shall be prescribed by Presidential Decree.

Article 114 (Exemption from Individual Consumption Tax and Liquor Tax on Goods Sold to Military Personnel, etc.)

(1) Goods (limited to those manufactured domestically) sold to the military personnel, military civilian employees, and awardees of the order of military merit Taegeuk and Ulji, who are prescribed by Presidential Decree, at stores operated directly by the military authorities, shall be exempted from the individual consumption tax and the liquor tax.

(2) The Minister of National Defense shall determine the ceiling of tax exemption by item every year in consultation with the Minister of Economy and Finance no later than December 31 of the preceding year.

(3) Any goods exempted from tax under paragraph (1) shall bear the marking that they are tax-free goods on themselves or their packages and containers under the conditions as stipulated by the Commissioner of the National Tax Service.

(4) An amount equivalent to the amount of liquor tax on liquors to be used as raw materials for manufacturing the liquors that are exempted from taxes under paragraph (1), shall be refunded or deducted, but Article 19 (3) of the Liquor Tax Act shall apply mutatis mutandis thereto. *<Amended on Dec. 28, 2021>*

(5) Matters necessary for the scope of goods subject to tax exemption, procedures for tax exemption, and collection thereof under paragraph (1) shall be prescribed by Presidential Decree.

Article 115 (Exemption from Liquor Tax)

(1) Liquor products falling under any of the following subparagraphs shall be exempted from liquor tax: *<Amended on Dec. 29, 2020>*

1. Liquor products provided by a person who operates an entertainment restaurant only for foreign military personnel in the Republic of Korea and foreign seafarers, among tourist-use facility businesses defined in Article 3 (1) 3 of the Tourism Promotion Act;

2. Liquor products purchased by foreign tourists, etc. referred to in Article 107 while they visit any of the following breweries (limited to those produced in the visited brewery):

(a) A small brewery prescribed by Presidential Decree;

(b) A brewery that produces traditional liquor products defined in subparagraph 8 of Article 2 of the Liquor Tax Act.

(2) An amount equivalent to the amount of liquor tax on liquors to be used as raw materials for manufacturing the liquors exempted from taxes under paragraph (1) shall be refunded or deducted, but Article 19 (3) of the Liquor Tax Act shall apply mutatis mutandis thereto. *<Amended on Dec. 28, 2021>*

(3) Article 20 of the Liquor Tax Act shall apply mutatis mutandis to the procedures for exempting the liquor tax under paragraph (1). *<Amended on Dec. 28, 2021>*

Article 116 (Exemption from Stamp Tax)

(1) Stamp tax shall be exempted on the following documents: *<Amended on Dec. 28, 1999; Oct. 21, 2000; Dec. 29, 2000; Dec. 29, 2001; Dec. 31, 2004; Dec. 29, 2005; Dec. 30, 2006; Dec. 26, 2008; Jan. 1, 2010; Mar. 12, 2010; Dec. 27, 2010; Jul. 21, 2011; Dec. 31, 2011; Jan. 1, 2013; Jan 1, 2014; Dec. 15, 2015; May 29, 2016; Dec. 19, 2017; Dec.24, 2018; Dec. 28, 2021>*

1. Deleted. *<Dec. 29, 2001>*
2. Deleted. *<Dec. 29, 2001>*
3. Deleted. *<Dec. 29, 2001>*
4. Deleted. *<Dec. 29, 2001>*
5. Deeds for loans for consumption executed by the respective copartners (including the members or members of village cooperatives) of credit associations incorporated under the Credit Unions Act; community credit cooperatives incorporated under the Community Credit Cooperatives Act; agricultural cooperatives incorporated under the Agricultural Cooperatives Act; cooperative associations and fishing village cooperatives incorporated under the Fisheries Cooperatives Act; tobacco producers cooperative associations incorporated under the Tobacco Producers Cooperatives Act; and forestry cooperatives incorporated under the Forestry Cooperatives Act, to obtain loans from the relevant cooperatives (including fishing village cooperatives) or their Federations (including the NongHyup Bank incorporated under the Agricultural Cooperatives Act and the Suhyup Bank incorporated under the Fisheries Cooperatives Act); provided, the same shall not apply where the total amount of loans to the same person exceeds 100 million won;
6. Children's deposit passbooks, and copartners' deposit or installment savings certificates, and passbooks (including the members of fishing village cooperatives under the Fisheries Cooperatives Act) prepared by credit associations incorporated under the Credit Unions Act; community credit cooperatives incorporated under the Community Credit Cooperatives Act; agricultural cooperatives incorporated under the Agricultural Cooperatives Act; cooperative associations and fishing village cooperatives incorporated under the Fisheries Cooperatives Act; tobacco producers cooperative associations incorporated under the Tobacco Producers Cooperatives Act; and forestry cooperatives incorporated under the Forestry Cooperatives Act;
7. Certificates or documents attesting the establishment, transfer, alteration, or termination of property rights, in relation to agricultural and fishing villages rearrangement projects implemented pursuant to the Agricultural and Fishing Villages Improvement Act; farmland bank projects, such as the sale and purchase, lease, exchange, division, and consolidation of farmland implemented pursuant to Article 10 (1) of the Korea Rural Community Corporation and Farmland Management Fund Act; agricultural and fishing villages settlement zone projects implemented pursuant to the Act on Special Measures for

Development of Agricultural and Fishing Villages; projects for expanding the scale of farming and fish farming, such as purchase and lease of farmland supported pursuant to Article 5 of the Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements;

8. Deleted. *<Dec. 29, 2001>*

9. Documents prepared to obtain rural community housing improvement loans, or to purchase housing construction materials on credit from agricultural cooperatives incorporated under the Agricultural Cooperatives Act;

10. Deleted; *<Dec. 29, 2001>*

11. Documents prepared in connection with farmland development projects implemented under the Public Waters Reclamation Act;

12. Deleted; *<Dec. 29, 2001>*

13. Deleted; *<Dec. 29, 2001>*

14. Deleted; *<Dec. 29, 2001>*

15. Deleted; *<Dec. 30, 2003>*

16. Deleted; *<Dec. 29, 2001>*

17. Deleted; *<Dec. 29, 2000>*

18. Deleted; *<Dec. 30, 2003>*

19. Certificates, passbooks, contracts, etc. prepared by a startup under the Support for Small and Medium Enterprise Establishment Act (limited to startups falling within the scope of application under Article 5 of that Act) to obtain loans for the relevant business from a financial institution prescribed by Presidential Decree within two years from the date of business start-up;

20. Deleted; *<Jan. 1, 2013>*

21. Deleted; *<Jan. 1, 2013>*

22. Deleted; *<Dec. 23, 2014>*

23. Deleted; *<Dec. 15, 2015>*

24. Deleted; *<Jan. 1, 2013>*

25. Deleted; *<Jan. 1, 2014>*

26. Deleted; *<Dec. 24, 2018>*

27. Deleted; *<Jan. 1, 2014>*

28. Deleted; *<Dec. 24, 2018>*

29. Deleted; *<Dec. 28, 2021>*

30. Deleted; *<Dec. 15, 2015>*

31. Documents prepared by the Organizing Committee of the Winter Youth Olympic Games Gangwon 2024 established pursuant to Article 9 of the International Athletic Games Support Act.

(2) The following provisions shall apply to the time limit by which stamp tax is exempted on the documents listed under paragraph (1): *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

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1. Deleted. <*Jan. 1, 2014*>

2. Deleted. <*Dec. 23, 2014*>

3. Subparagraphs 5 through 7, 9, 11, and 19 shall apply only to taxable documents prepared by not later than December 31, 2026;

4. Subparagraph 31 shall apply only to taxable documents prepared by December 31, 2024;

5. Deleted. <*Dec. 28, 2021*>

Article 117 (Exemption from Securities Transaction Tax)

(1) No securities transaction tax shall be levied where: <*Amended on Aug. 31, 1999; Dec. 28, 1999; Dec. 31, 1999, Oct. 21, 2000; May 24, 2001; Dec. 29, 2001; Dec. 11, 2002; Dec. 30, 2003; Dec. 31, 2004; Jul. 13, 2005; Dec. 30, 2006; Feb. 29, 2008; Dec. 26, 2008; May 21, 2009; Jan. 1, 2010; Dec. 27, 2010; May 19, 2011; Dec. 31, 2011; Jan. 1, 2013; May 28, 2013; Jan. 1, 2014; May 21, 2014; Dec. 23, 2014; Jul. 24, 2015; Dec. 15, 2015; Dec. 22, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Nov. 26, 2019; Feb. 11, 2020; Feb. 18, 2020; Jun. 9, 2020; Dec. 29, 2020; Dec. 28, 2021; Jun. 20, 2023*>

1. A venture investment company, an accelerator, or a venture investment fund transfers stocks or equity shares acquired by making direct investments in a startup or a venture business;

2. A new technology venture capitalist or a new technology venture capital fund, transfers stocks or equity shares acquired by making direct investments in a new technology business entity;

2-2. An agriculture and food investment fund transfers stocks or equity shares acquired by making direct investments in a startup or a venture business;

2-3. Deleted. <*Feb. 11, 2020*>

2-4. A venture investment company, a new technology venture capitalist, an accelerator, or an investment fund referred to in subparagraph 1, 2, 2-2 or 2-3, transfers stocks or equity shares acquired by making direct investments in a KONEX-listed corporation (limited to a small or medium enterprise for which two years have not passed after getting its stocks listed);

2-5. A person prescribed by Presidential Decree, among financial investment business entities defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act, transfers any of the following stocks for the derivatives prescribed by Presidential Decree to create the derivatives market defined in Article 8-2 (4) 2 of that Act in consideration of trading amounts, total market price, turnover, etc., as prescribed by Presidential Decree; provided, this shall be limited to those cases prescribed by Presidential Decree, such as where a person transfers stock certificates to hedge risks that may be caused by the fluctuation of prices of derivatives:

(a) In cases of derivatives whose underlying asset is a stock price index: Stock certificates comprising the stock price index that constitutes the underlying asset of the relevant derivatives;

(b) In cases of derivatives other than those specified in item (a): Stock certificates that constitute the underlying asset of the relevant derivatives.

3. A person prescribed by Presidential Decree, among financial investment entities defined in Article 8 (1) of the Financial Investment Services and Capital Markets Act, transfers stocks prescribed by Presidential Decree in consideration of trading amounts, total market price, turnover, etc. to create the securities market defined in Article 8-2 (4) 1 of that Act (hereafter in this Article, referred to as "securities market"), as prescribed by Presidential Decree;

4. A private equity fund specializing in business start-ups and venture businesses transfers stocks or equity shares acquired by making direct investments in a startup, a venture business, or a KONEX-listed corporation (limited to a small or medium enterprise for which two years have not passed after getting its stocks listed) or by investing through a special-purpose company referred to in Article 249-23 (3) of the Financial Investment Services and Capital Markets Act;

5. The agency in overall charge of postal services defined in subparagraph 2 of Article 2 of the Act on Special Cases concerning the Management of Postal Services or a corporation responsible for the management and operation of a fund created pursuant to any Act specified in Appendix 2 of the National Finance Act (hereafter in this subparagraph, referred to as "fund managing entity"), transfers stocks (in cases of a fund managing entity, limited to stocks listed on the KOSDAQ market under the Financial Investment Services and Capital Markets Act) constituting underlying assets, as prescribed by Presidential Decree, in connection with transactions of derivatives for the purpose of making profits from differences in the prices of the derivatives prescribed by Presidential Decree (hereafter in this subparagraph, referred to as "derivatives"), among exchange-traded derivatives defined in Article 5 (2) 1 of the Financial Investment Services and Capital Markets Act, and the stocks constituting underlying assets of the relevant derivatives (referring to stocks constituting the relevant index, if the underlying asset of the relevant derivatives is a stock price index; hereafter in this subparagraph, the same shall apply);

6. Deleted. <*Dec. 24, 2018*>

7. An insolvent financial institution, an insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Structural Improvement of Agricultural Cooperatives, or a potentially insolvent cooperative defined in subparagraph 4 of Article 2 of that Act (hereinafter referred to as "insolvent agricultural cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure (including timely corrective measures prescribed under Article 4 of the Act on the Structural Improvement of Agricultural Cooperatives; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, or where a financial institution, or cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of the Act on the Structural Improvement of Agricultural Cooperatives, re-transfers the stocks or equity shares it has acquired by such transfer;

7-2. An insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Prevention of Insolvency and Structural Improvement of Fisheries Cooperatives or a potentially insolvent cooperative defined in subparagraph 4 of Article 2 of that Act (hereinafter referred to as "insolvent fisheries cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure

(including timely corrective measures prescribed under Article 4-2 of that Act; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, or where a cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of that Act, re-transfers the stocks or equity shares it has acquired by such transfer;

7-3. An insolvent cooperative defined in subparagraph 3 of Article 2 of the Act on the Structural Improvement of Forestry Cooperatives or a potentially insolvent cooperative defined in subparagraph 4 of that Article (hereinafter referred to as "insolvent forestry cooperative"), transfers stocks or equity shares held by it according to a timely corrective measure (including timely corrective measures prescribed under Article 4 of that Act; hereafter in this subparagraph, the same shall apply) or a decision to transfer a contract, and where a cooperative or its National Federation defined in subparagraphs 1 and 2 of Article 2 of that Act, re-transfers the stocks or equity shares it has acquired from such insolvent forestry cooperative according to the timely corrective measure or the decision to transfer a contract;

8. The Korea Deposit Insurance Corporation or a finance company for liquidation referred to in Article 36-3 of the Depositor Protection Act (hereinafter referred to as "finance company for liquidation"), transfers stocks or equity shares acquired upon converting non-performing loans underwritten from any of the following finance companies into equities, or acquired directly from such finance companies, to perform the liquidation of an insolvent finance company pursuant to Article 18 (1) 6 or 36-5 (1) of the Depositor Protection Act:

(a) An insolvent finance company defined in subparagraph 5 of Article 2 of the Depositor Protection Act;

(b) A potentially insolvent finance company defined in subparagraph 6 of Article 2 of the Depositor Protection Act;

(c) A finance company provided with financial assistance under Article 38 of the Depositor Protection Act;

9. The Korea Asset Management Corporation incorporated under the Act on the Establishment of Korea Asset Management Corporation (hereinafter referred to as the "Korea Asset Management Corporation"), transfers stocks or equity shares acquired upon converting non-performance loans underwritten from an insolvent financial institution into equities, or acquired directly from such insolvent financial institution, to perform the liquidation of the insolvent financial institution;

10. Deleted; <*Jan. 1, 2010*>

11. Deleted; <*Dec. 30, 2006*>

12. Deleted; <*Dec. 30, 2006*>

13. Deleted; <*Dec. 24, 2018*>

14. Stocks are transferred for the purposes of incorporating a new corporation under Article 47-2 of the Corporate Tax Act, a merger meeting the requirements provided for in the subparagraphs of Article 44 (2) or paragraph (3) of that Act, a division meeting the requirements provided for in the subparagraphs of Article 46 (2) or Article 47 (1) of that Act, or all-inclusive exchange and transfer of stocks fully

meeting the conditions provided for in the subparagraphs of Article 38 (1) of this Act;

15. Deleted; <*Jan. 1, 2010*>

16. A stockholder of a financial institution, etc., a stockholder of a financial institution defined in Article 2 (1) 1 of the Financial Holding Companies Act, a company closely related to the conduct of finance business, or a financial holding company defined in that Act (hereinafter referred to as "financial holding company"), transfers or exchanges stocks pursuant to Article 38-2;

17. Deleted; <*Dec. 30, 2006*>

18. Deleted; <*Jan. 1, 2010*>

19. The Mutual Financing Depositors Protection Fund, and the Agricultural Cooperatives' Asset Management Company incorporated under the Act on the Structural Improvement of Agricultural Cooperatives, transfer stocks or equity shares acquired upon converting non-performance loans underwritten from an insolvent agricultural cooperative into equities, or acquired directly from such insolvent agricultural cooperative, to perform the liquidation of the insolvent agricultural cooperative;

19-2. The Mutual Financing Depositors Protection Fund established under the Act on the Prevention of Insolvency and Structural Improvement of Fisheries Cooperatives transfers stocks or equity shares acquired upon converting non-performance loans underwritten from an insolvent fisheries cooperative into equities, or acquired directly from such insolvent fisheries cooperative, to perform the liquidation of the insolvent fisheries cooperative;

19-3. The Mutual Financing Depositors Protection Fund established under the Act on the Structural Improvement of Forestry Cooperatives, transfers stocks or equity shares acquired upon converting non-performance loans underwritten from an insolvent forestry cooperative into equities, or acquired directly from such insolvent forestry cooperative, to perform the liquidation of the insolvent forestry cooperative;

20. Deleted; <*Dec. 23, 2014*>

21. Stocks are transferred by an exchange-traded fund referred to in Article 234 (1) of the Financial Investment Services and Capital Markets Act through a securities market or alternative trading system under Article 78 of that Act to reflect changes in the components of an index that it is tracking;

22. The NongHyup Financial Group incorporated under the Agricultural Cooperatives Act, transfers stocks or equity shares invested in kind by the Korea Development Bank incorporated under the Korea Development Bank Act to its subsidiary, such as the NongHyup Bank, pursuant to Article 3 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522);

23. A private equity fund for stabilizing corporate financing provided for in Article 249-22 (1) of the Financial Investment Services and Capital Markets Act, invests stocks or equity shares acquired by directly investing in or contributing to a company prescribed by Presidential Decree, or through a special-purpose company referred to in paragraph (3) of that Article, among companies engaging in financial restructuring provided for in Article 249-22 (1) of the Financial Investment Services and Capital Markets Act;

24. Stocks or equity shares are transferred under Article 121-30 (1).

(2) Paragraph (1) shall apply only to stocks or equity shares traded by transfer, withdrawal, incorporation, investment in kind, stock transfer, or stock exchange by not later than the following relevant deadline: *<Amended on Aug. 31, 1999; Dec. 28, 1999; Oct. 21, 2000; Dec. 29, 2000; May 24, 2001; Dec. 29, 2001; Dec. 30, 2003; Dec. 31, 2005; Dec. 30, 2006; Dec. 31, 2007; Dec. 26, 2008; Jan. 1, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018, Jun. 9, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Paragraph (1) 1, 2, 2-2, 2-4, 2-5, 3, and 4: December 31, 2025;
2. Paragraph (1) 5, 16, 23, and 24: December 31, 2026;
3. Deleted. *<Dec. 20, 2016>*
4. Deleted. *<Jan. 1, 2010>*

(3) Deleted. *<Dec. 31, 2011>*

(4) Any person who intends to be granted a tax exemption pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2010>*

Article 118 (Reduction of Customs Duties)

(1) Customs duties may be reduced for any of the following articles, if it is impracticable to produce such articles in the Republic of Korea: *<Amended on Aug. 28, 1999; Dec. 29, 2000; Aug. 14, 2001; Dec. 29, 2001; Dec. 30, 2003; Dec. 31, 2004; Dec. 31, 2005; Dec. 30, 2006; Dec. 31, 2007; Dec. 26, 2008; Jan. 1, 2010; Mar. 12, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 26, 2012; Jan. 1, 2013; Jul. 30, 2013; Jan. 1, 2014; Dec. 15, 2015; May. 29, 2016, Dec. 19, 2017; Dec. 31, 2019; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

1. Deleted. *<Jan. 1, 2014>*
2. Deleted. *<Dec. 29, 2001>*
3. Machines and materials (including machines and tools for manufacturing such machines and materials) imported by a small or medium enterprise or middle-standing by December 31, 2026 to produce and use new energy and renewable energy defined in subparagraphs 1 and 2 of Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy or to improve conditions of connections of electric systems of such new energy and renewable energy;
4. Deleted. *<Dec. 30, 2003>*
5. Deleted. *<Dec. 30, 2003>*
6. Deleted. *<Dec. 29, 2001>*
7. Deleted. *<Dec. 29, 2001>*
8. Deleted. *<Dec. 30, 2003>*
9. Deleted. *<Dec. 30, 2003>*
10. Deleted; *<Jan. 1, 2013>*
11. Deleted; *<Jan. 1, 2013>*

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12. Deleted; <*Dec. 31, 2011*>

13. Deleted; <*Dec. 15, 2015*>

14. Deleted; <*Dec. 28, 2021*>

15. Deleted; <*Jan. 1, 2013*>

16. Deleted; <*Jan. 1, 2014*>

17. Articles imported by the Organizing Committee for the 2010 Formula 1 Korean Grand Prix established under the Act on Assistance to the 2010 Formula 1 Korean Grand Prix, the relevant local government, or constructors of facilities related to the same Games, to manage the Games, or to manufacture and construct facilities related to the Games under Article 18 (1) of that Act;

18. Deleted; <*Jan. 1, 2014*>

19. Deleted; <*Dec. 28, 2021*>

20. Deleted; <*Dec. 28, 2021*>

21. Deleted; <*Dec. 28, 2021*>

22. Machines and equipment imported by not later than December 31, 2022 by a small or medium enterprise or a middle-standing enterprise with a license obtained for the establishment and operation of a bonded factory pursuant to Articles 174 and 185 of the Customs Act to use them for the manufacturing, processing, etc. of goods referred to in Article 185 (1) of that Act;

23. Goods imported by the Organizing Committee of the Winter Youth Olympic Games Gangwon 2024, established pursuant to Article 9 of the International Athletic Games Support Act, a local government, or a constructor of facilities related to the event, as defined in subparagraph 2 of Article 2 of that Act, to use them for the fabrication and construction of facilities related to the event or for the management of competitions (including machines and materials for scientific training of players participating in that event).

(2) Articles eligible for the reduction of customs duties under paragraph (1), and the reduction rates thereof shall be determined by Decree of the Ministry of Economy and Finance. <*Amended on Jan. 1, 2010*>

(3) Where any article, customs duties on which were reduced under paragraph (1), is used for any purpose other than those specified under paragraph (1) during the period set by the Commissioner of the Korea Customs Service within three years from the date of acceptance of its import declaration (including where such article has not been used for the relevant purposes throughout the period set by the Commissioner of the Korea Customs Service), or where such article is transferred to a person who is to use it for any purpose other than the original purposes, the customs duties reduced shall be collected immediately from such person who used it for other purposes or the transferor; however, if such customs duties are uncollectible from the transferor, they shall be collected immediately from the transferee; provided, the same shall not apply where such article was destroyed due to a natural disaster or extenuating circumstances, or with prior approval from the director of the customshouse. <*Amended on Jan. 1, 2010*>

(4) The proviso of Article 103 (1) of the Customs Act shall not apply where customs duties are collected as prescribed in paragraph (3). <*Amended on Jan. 1, 2010*>

Article 118-2 (Reduction or Exemption of Customs Duties for Overseas Korean Enterprises on their Return to Korea)

(1) Where a person prescribed by Presidential Decree, including a Korean national referred to in Article 104-24 (1), files an import declaration on capital goods prescribed by Presidential Decree by not later than December 31, 2027 to commence a business, to establish a new place of business, or to enlarge the existing place of business in the Republic of Korea, fully meeting the following conditions, such capital goods are eligible for customs duties reductions or exemptions as prescribed in paragraph (2): <*Amended on Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024*>

1. The person's business entity shall be a national that relocates or returns to the Republic of Korea pursuant to Article 104-24 (1) 1 or 2;
2. Where he or she falls under any subparagraph of Article 104-24 (6);

(2) The reduction or exemption rates of customs duties on capital goods referred to in paragraph (1) shall be as follows: <*Amended on Dec. 20, 2016; Dec. 24, 2018*>

1. In cases falling under Article 104-24 (1) 1: 100/100 of the customs duties on the capital goods imported:
2. In cases falling under Article 104-24 (1) 2: 50/100 of the customs duties on the capital goods imported.

(3) Where a person granted a reduction or exemption of customs duties pursuant to paragraph (1), falls under any of the following cases, he or she shall pay the customs duties reduced or exempted, as prescribed by Presidential Decree:

1. Where the person closes the relevant business or his or her corporation is dissolved;
2. Where the person fails to commence a business after relocating or returning to the Republic of Korea, as prescribed by Presidential Decree;
3. Where the person disposes of, transfers, or leases the capital goods imported with customs duties reduced or exempted, within three years from the date of acceptance of the import declaration under the Customs Act.

(4) For the purposes of paragraphs (1) through (3), procedures for filing applications for reductions or exemptions, documents to be submitted, and other necessary matters shall be prescribed by Presidential Decree.

CHAPTER IV Deleted.

Article 119 Deleted. <*Dec. 23, 2014*>

Article 120 Deleted. <*Dec. 23, 2014*>

Article 120-2 Deleted. *<Dec. 27, 2010>*

Article 121 Deleted. *<Dec. 23, 2014>*

CHAPTER V SPECIAL TAXATION FOR FOREIGNERS' INVESTMENT

Article 121-2 (Reduction or Exemption of Corporate Tax for Foreign Investment)

(1) foreign investment for operating any of the following businesses (referring to foreign investment defined in Article 2 (1) 4 of the Foreign Investment Promotion Act; hereafter in this Chapter, the same shall apply) shall be eligible for reductions or exemptions of corporate tax, income tax, acquisition tax, and property tax (referring to the amount of tax levied under Article 111 of the Local Tax Act; hereinafter the same shall apply), respectively, as prescribed in paragraphs (2), (4), (5), and (12), if the investment meets the conditions prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Apr. 4, 2011; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Jul. 24, 2015; Dec. 20, 2016>*

1. A business that requires any of the technologies prescribed by Presidential Decree and belongs to the new growth engine industry essential for upgrading domestic industrial structures and strengthening international competitiveness;

2. A business subject to examination and resolution by any of the following committees, among businesses operated by a foreign-capital-invested company defined in Article 2 (1) 6 of the Foreign Investment Promotion Act (hereafter in this Chapter, referred to as "foreign-capital-invested company"), which occupies a foreign investment zone under Article 18 (1) 2 of that Act, and businesses operated by a foreign-capital-invested company, among businesses referred to in subparagraph 2-2 or 2-8 or Article 121-8 (1) or 121-9 (1) 1:

(a) In cases of businesses referred to in subparagraph 2-2, the Free Economic Zones Committee established under Article 25 of the Special Act on Designation and Management of Free Economic Zones;

(b) In cases of businesses referred to in subparagraph 2-8, the Saemangeum Committee established under Article 33 of the Special Act on Promotion and Support for Saemangeum Project;

(c) In cases of businesses referred to in Article 121-8 (1), the Supporting Committee for Jeju Special Self-Governing Province established under Article 17 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City;

(d) In cases of businesses referred to in Article 121-9 (1) 1, the Deliberative Committee on Comprehensive Plan for Jeju Free International City established under Article 144 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City;

2-2. A business operated by a foreign-capital-invested company that occupies a free economic zone defined in subparagraph 1 of Article 2 of the Special Act on Designation and Management of Free Economic Zones;

2-3. A business operated by a foreign-capital-invested company designated as a free economic zone development project entity under Article 8-3 (1) and (2) of the Special Act on Designation and Management of Free Economic Zones;

2-4. A business operated by a foreign-capital-invested company designated as a development project entity of a Jeju investment promotion zone under Article 162 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City;

2-5. A business operated by a foreign-capital-invested company that occupies a foreign investment area designated under Article 18 (1) 1 of the Foreign Investment Promotion Act;

2-6. A business operated by a foreign-capital-invested company that occupies an enterprise city development zone defined in subparagraph 2 of Article 2 of the Special Act on the Development of Enterprise Cities (hereinafter referred to as "enterprise city development zone");

2-7. A business operated by a foreign-capital-invested company designated as an enterprise city development project entity under Article 10 (1) of the Special Act on the Development of Enterprise Cities (hereinafter referred to as "enterprise city development project entity") and that implements an enterprise city development project defined in subparagraph 3 of Article 2 of that Act;

2-8. A business operated by a foreign-capital-invested company that occupies the Saemangeum project area designated under Article 2 of the Special Act on Promotion and Support for Saemangeum Project (hereafter in this Chapter, referred to as "Saemangeum project area");

2-9. A business operated by a foreign-capital-invested company designated as a project implementer under Article 8 (1) of the Special Act on Promotion and Support for Saemangeum Project;

3. Any other business prescribed by Presidential Decree to which a tax reduction or exemption is inevitably allowed to attract foreign investments.

(2) A foreign-capital-invested company that has filed an application for tax reduction or exemption pursuant to paragraph (6) by not later than December 31, 2018 is eligible for a reduction or exemption of the amount of tax classified as follows on income accruing from a business eligible for tax reductions or exemptions under paragraph (1) (or income prescribed by Presidential Decree in cases of any business eligible for tax reductions or exemptions under paragraph (1) 1). In calculating the amount of tax eligible for reductions or exemptions in such cases, the foreign investment ratio of the foreign-capital-invested company prior to a merger shall apply, if the foreign-capital-invested company merges with a domestic corporation (excluding a foreign-capital-invested company in the period of tax reduction or exemption) during the period of tax reduction or exemption, and consequently the foreign investment ratio (referring to the foreign investment ratio calculated as prescribed by Presidential Decree, based upon the classes of stocks issued by the foreign-capital-invested company, etc.; hereafter in this Chapter, the same shall apply) of the merged corporation decreases: *<Amended on Dec. 20, 2016; Dec. 24, 2018>*

1. Income accruing from any of the businesses eligible for tax reduction or exemption as prescribed in paragraph (1) 1 or 2: The amount of tax classified as follows:

(a) Until the five subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after commencing the business (referring to the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary): The full amount of tax calculated by multiplying the equivalent to corporate tax or income tax on the relevant business income (referring to the amount of tax calculated by multiplying the total amount of tax calculated, by the ratio of the income accruing from the business referred to in any subparagraph of paragraph (1) to the gross tax base), by the foreign investment ratio (hereafter in this paragraph, paragraph (12) 1 and 2, and Article 121-4 (4), referred to as "amount of tax eligible for reduction or exemption");

(b) Until the two subsequent taxable years after the period specified in item (a): The amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption.

2. Income accruing from any of the businesses eligible for tax reduction or exemption as prescribed in paragraph (1) 2-2 through 2-9 and 3: The amount of tax classified as follows:

(a) Until the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after commencing the business (referring to the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary): The full amount of tax eligible for tax reduction or exemption;

(b) Until the two subsequent taxable years after the period specified in item (a): The amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption.

(3) Deleted. *<Jan. 1, 2014>*

(4) The property acquired and owned by a foreign-capital-invested company that files an application for a tax reduction or exemption under paragraph (6) by December 31, 2019 to operate a reported business is eligible for a reduction of, or exemption from, acquisition tax and property tax or a deduction from the relevant tax base as follows; provided, if a local government extends the period of reduction or exemption, or the period of deduction by up to 15 years, or increases the rate of reduction or exemption, or the rate of deduction during the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Act on Restriction on Special Cases concerning Local Taxation, such extended period or increased rate shall apply, notwithstanding subparagraphs 1 and 2: *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 23, 2014; Dec. 31, 2019>*

1. Acquisition tax and property tax: The foreign-capital-invested company is entitled to a full exemption by the amount (hereafter in this paragraph, paragraphs (5) and (12) 3 and 4, referred to as "amount of tax eligible for reduction or exemption") calculated by multiplying the amount of tax calculated on the relevant property by the ratio of the foreign investment for five years from the date its business

commences; and an amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption shall be reduced for two years thereafter; provided, acquisition tax and property tax on the property acquired and owned by the foreign-capital-invested company to operate a business eligible for tax reduction or exemption under paragraph (1) 2-2 through 2-9 and 3, it is entitled to a full exemption by the amount of tax eligible for reduction or exemption for three years from the date its business commences, and an amount of tax equivalent to 50/100 of the amount of tax eligible for reduction or exemption shall be reduced for two years thereafter;

2. Property tax on land: The foreign-capital-invested company is entitled to deduct, from it tax base, the total of an amount (hereafter in this paragraph, paragraphs (5) and (12) 3 and 4, referred to as "amount eligible for deduction") calculated by multiplying the tax base on the property by the ratio of the foreign investment for five years from the date its business commences; an amount equivalent to 50/100 of the amount eligible for deduction shall be deducted from the tax base for two years thereafter; provided, property tax on the land acquired and owned by the foreign-capital-invested company to operate a business eligible for as tax reduction or exemption under paragraph (1) 2-2 through 2-9 and 3, it is entitled to deduct the total amount eligible for deduction from the tax base for three years from the date its business commences; an amount equivalent to 50/100 of the amount eligible for deduction shall be deducted from the tax base for two years thereafter.

(5) If a foreign-capital-invested company that files an application for a tax reduction or exemption under paragraph (6) by December 31, 2019 owns or acquires property before the date of commencement of its business to use the property for any business referred to in any subparagraph of paragraph (1), the foreign-capital-invested company is entitled to a reduction or, or an exemption from, acquisition tax or property tax on such property or deduction of a prescribed amount from the relevant tax base as follows, notwithstanding paragraph (4); provided, if a local government extends the period of reduction or exemption, or the period of deduction by up to 15 years, or increases the rate of reduction or exemption, or the rate of deduction during the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Act on Restriction on Special Cases concerning Local Taxation, such extended period or increased rate shall apply, notwithstanding subparagraphs 2 and 3: *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 23, 2014; Dec. 31, 2019>*

1. Acquisition tax on the property acquired on or after the foreign-capital-invested company is notified of a decision on tax reduction or exemption under paragraph (8): The total amount of tax eligible for reduction or exemption shall be exempted;

2. Property tax for five years from the date of acquisition of such property: The total amount of tax eligible for reduction or exemption shall be exempted, and for two years thereafter, the amount equivalent to 50/100 of the amount of tax eligible for reduction or exemption shall be reduced; provided, the foreign-capital-invested company is entitled to an exemption from the total amount of tax eligible for reduction or exemption for three years from the date of acquisition of the property, and a reduction of the amount equivalent to 50/100 of the amount of tax eligible for reduction or exemption

for two years thereafter, with respect to property tax on the property acquired and owned to operate a business eligible for tax reduction or exemption under paragraph (1) 2-2 through 2-9 and 3;

3. Property tax on land: The foreign-capital-invested company is entitled to deduct the full amount eligible for deduction for five years from the date of acquisition of the relevant property, and an amount equivalent to 50/100 of the amount eligible for deduction for two years thereafter, respectively from the tax base; provided, it is entitled to deduct the full amount eligible for deduction for three years from the date of acquisition of the relevant land, and an amount equivalent to 50/100 of the amount eligible for deduction for two years thereafter, respectively from the tax base, with respect to the property tax on the land acquired and held to operate a business eligible for tax reduction or exemption under paragraph (1) 2-2 through 2-9 and 3.

(6) A foreign-capital-invested company that intends to obtain tax reductions or exemptions under paragraph (2), (4), (5), or (12) or Article 78-3 of the Act on Restriction on Special Cases concerning Local Taxation shall file an application therefor with the Minister of Economy and Finance by the end of the taxable year in which the date its business commences; provided, where the foreign-capital-invested company alters the details of the business subject to a decision on tax reduction or exemption under paragraph (8), and intends to obtain a tax reduction or exemption for the altered business, it shall file an application for altering the details of tax reductions or exemptions with the Minister of Economy and Finance by no later than two years from the date the ground for the relevant alteration arises, and where a decision is made to alter the details of tax reductions or exemptions, the details of such decision shall apply only to the remainder of the original reduction or exemption period. *<Amended on Jan. 1, 2014; Dec. 31, 2019>*

(7) A foreigner (referring to a foreigner defined in Article 2 (1) 1 of the Foreign Investment Promotion Act) or a foreign-capital-invested company may request the Minister of Economy and Finance to verify whether a business he or she or it intends to operate is eligible for tax reductions or exemptions under paragraph (1) or Article 78-3 of the Act on Restriction on Special Cases concerning Local Taxation before filing a report under Article 5 (1) of the Foreign Investment Promotion Act to make a foreign investment defined in Article 2 (1) 4 (a) (i) of that Act. *<Amended on Jan. 1, 2014; Jan. 27, 2016; Dec. 31, 2019>*

(8) Upon receipt of an application for tax reductions or exemptions or for alteration of details of tax reductions or exemptions under paragraph (6) or a request for prior verification under paragraph (7), the Minister of Economy and Finance shall decide whether to grant a tax reduction or exemption, whether to alter the details of reduction or exemption, or whether the business is eligible for tax reductions or exemptions, in consultation with the head of the relevant central government agency (referring to the head of the local government having jurisdiction over the relevant place of business in cases of reduction or exemption of acquisition tax or property tax under Article 78-3 of the Act on Restriction on Special Cases concerning Local Taxation) and shall notify the applicant of the decision; provided, the Minister may decide whether to grant a tax reduction or exemption under paragraph (1) 1, whether to alter the details of tax reduction or exemption, or whether a business is eligible for a tax reduction or exemption, as

prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Dec. 20, 2016; Dec. 31, 2019>*

(9) Paragraphs (2) through (5) and (12) shall not apply to foreign investments defined in Article 2 (1) 8 (g), 2 (1) 4 (a) (ii), 5 (2) 1, or 6 of the Foreign Investment Promotion Act. *<Amended on Jan. 27, 2016>*

(10) Where a foreign-capital-invested company obtains a decision on reduction or exemption under paragraph (8) by applying for reduction or exemption after the deadline therefor under paragraph (6), paragraphs (1) through (5), and (12) shall apply only to the taxable year in which the date of such application falls, and to the remainder of the period of reduction or exemption thereafter. In such cases, where the foreign-capital-invested company has paid an amount of tax prior to a decision on reduction or exemption under paragraph (8), such amount of tax shall not be refunded. *<Amended on Jan. 1, 2014>*

(11) Where this Article through Article 121-4 apply to any of the following foreign investments, the equivalent to the holding ratio (the holding ratio of less than 5/100 shall be deemed 5/100) of stocks or equity shares (hereafter in this Chapter, referred to as "stocks, etc."), the equivalent to loans, or the amount of foreign investment, calculated as prescribed by Presidential Decree, shall not be deemed eligible for tax reductions or exemptions: *<Amended on Jan. 1, 2013; Jan. 1, 2014; Dec. 15, 2015; Dec. 29, 2020>*

1. Where a foreign corporation or enterprise (hereafter in this Article, referred to as "foreign corporation, etc."), makes a foreign investment and falls under any of the following cases:

   (a) Where a Korean national (excluding a person permanently residing overseas with a permanent residency permit or a permit for sojourn equivalent to the permanent residency permit in his or her residence country) or a Korean corporation (hereafter in this paragraph, referred to as "Korean national, etc."), owns, directly or indirectly, at least 5/100 of voting stocks, etc. of the foreign corporation, etc.;

   (b) Where a Korean national, etc. is a stockholder who has appointed the chief executive officer or a majority of directors of the foreign corporation, etc., solely or under an arrangement, agreement, etc. with other stockholders;

2. Where any of the following persons provides a loan to a foreign investor defined in Article 2 (1) 5 of the Foreign Investment Promotion Act (hereafter in this Chapter, referred to as "foreign investor"):

   (a) A foreign-capital-invested company;

   (b) A Korean national, etc. who, directly or indirectly, owns at least 5/100 of voting stocks, etc. of a foreign-capital-invested company;

   (c) A Korean national, etc. who is a stockholder who has appointed the chief executive officer or a majority of directors of a foreign-capital-invested company, solely or under an arrangement, agreement, etc. with other stockholders;

3. Where a foreigner makes an investment via any of the countries or regions prescribed by Presidential Decree, among countries or regions with whom neither a tax treaty defined in Article 2 (1) 7 of the Adjustment of International Taxes Act nor an investment promotion and protection agreement has been signed.

(12) The reduction of, or exemption from corporate tax, income tax, acquisition tax, and property tax on foreign investments made by a method prescribed by Presidential Decree, such as acquisition of business, among the foreign investment in the business prescribed in paragraph (1) 1 shall be respectively granted as follows, notwithstanding the period of reduction or exemption, period of deduction, rate of reduction or exemption, and rate of deduction provided for in paragraphs (2) through (5); provided, in applying subparagraphs 3 and 4, where a local government extends the period of reduction, exemption, or deduction up to ten years, or increases the rate of reduction, exemption or deduction within the extended period, as prescribed by its municipal ordinance pursuant to Article 4 of the Act on Restriction on Special Cases concerning Local Taxation, such extended period or increased rate shall apply, notwithstanding subparagraphs 3 and 4: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 24, 2018; Dec. 31, 2019>*

1. The reduction of, or exemption from corporate tax and income tax on a foreign-capital-invested company that has filed an application for tax reduction or exemption pursuant to paragraph (6) by not later than December 31, 2018 shall only apply to income accruing from operating a business eligible for reductions or exemptions under paragraph (1) 1, but 50/100 of the amount of tax subject to the reduction or exemption for the taxable year ending within three years from the commencement date of the taxable year in which the first income accrues from the relevant business (or of the taxable year falling on the fifth anniversary from the date the relevant business commences, when no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and 30/100 of the amount of tax eligible for reduction or exemption for the two subsequent taxable years thereafter shall be respectively reduced or exempted;

2. Deleted. *<Jan. 1, 2014>*

3. For acquisition tax and property tax on the property acquired and owned to operate a business under paragraph (1) 1 by the foreign-capital-invested company that filed an application for tax reductions or exemptions under paragraph (6) by December 31, 2019, the following relevant amount of tax shall be reduced or exempted, or shall be deducted from its tax base:

(a) For acquisition tax and property tax, 50/100 of the amount of tax eligible for reduction or exemption for three years from the date the relevant business commences, and 30/100 of the amount of tax eligible for reduction or exemption for two years thereafter shall be respectively reduced;

(b) For property tax on land, 50/100 of the amount eligible for deduction for three years from the date the relevant business commences, and 30/100 of the amount eligible for deduction for two years thereafter shall be respectively deducted from the tax base;

4. For acquisition tax and property tax on any property acquired and owned by the foreign-capital-invested company that files an application for a tax reduction or exemption under paragraph (6) by December 31, 2019, prior to the date the relevant business commences to use for the business provided for in paragraph (1) 1, the following relevant amount of tax shall be reduced or exempted, or shall be deducted from its tax base:

(a) For acquisition tax on the property acquired after the date a tax reduction or exemption is decided under paragraph (8), 50/100 of the amount of tax eligible for reduction or exemption shall be reduced;

(b) For property tax, 50/100 of the amount of tax eligible for reduction or exemption for three years from the date the relevant property is acquired, and 30/100 of the amount of tax eligible for reduction or exemption for two years thereafter shall be respectively reduced;

(c) For property tax on land, 50/100 of the amount eligible for deduction for three years from the date the relevant property is acquired, and 30/100 of the amount eligible for deduction for two years thereafter shall be respectively deducted from the tax base.

(13) Where no initial investment (including capital increase; hereafter in this paragraph, the same shall apply), is made by the third anniversary from the date a notice of the first decision on tax reduction or exemption is served after filing a report on a foreign investment, the decision on tax reduction or exemption under paragraph (8), becomes invalid; and where the initial investment is made within three years from the date a notice of the first decision on tax reduction or exemption is served after filing a report on a foreign investment, but the relevant business does not commence by the fifth anniversary from the date a notice of the first decision on tax reduction or exemption is served, paragraphs (2), (4), (5), (12), and (18) shall apply, deeming the relevant business to have commenced on the fifth anniversary from the date a notice of the first decision on tax reduction or exemption is served. *<Amended on Dec. 15, 2015>*

(14) Where the total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) or (12) 1 applies, exceeds the aggregate of the following amounts, the ceiling on the tax reduction or exemption (hereafter in this Article, referred to as "reduction or exemption ceiling") shall be such aggregate: *<Added on Dec. 27, 2010; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017>*

1. A ceiling based on the investment of an amount, classified as follows:

(a) In cases falling under paragraph (1) 1 or 2: 50/100 of cumulative foreign investments prescribed by Presidential Decree (hereafter in this paragraph, referred to as "cumulative foreign investments");

(b) In cases falling under paragraph (1) 2-2 through 2-9 or 3, or paragraph (12) 1: 40/100 of cumulative foreign investments;

2. The aggregate of the following amounts based on the status of employment; provided, in cases falling under paragraph (1) 1 or 2, the equivalent to 50/100 of cumulative foreign investments shall be the ceiling; in cases falling under paragraph (1) 2-2 through 2-9 or 3, or paragraph (12) 1, the equivalent to 40/100 of cumulative foreign investments shall be the ceiling;

(a) Number of graduates from high schools, etc. aligned to industry demand, among full-time employees of the relevant foreign-capital-invested company in the relevant taxable year × 20 million won;

(b) Number of youth employees, employees with a disability, and employees aged at least 60, among full-time employees of the relevant foreign-capital-invested company, other than the full-time

employees referred to in item (a), in the relevant taxable year × 15 million won;

(c) (Number of full-time employees in the relevant taxable year - number of graduates referred to in item (a) - number of youth employees, employees with a disability, and employees aged at least 60 referred to in item (b)) × 10 million won.

(15) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraphs (2) and (12) 1, an amount prescribed in paragraph (14) 1 shall be first applied, and then an amount prescribed in paragraph (14) 2 shall be applied. *<Added on Dec. 27, 2010>*

(16) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which tax reductions or exemptions were granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which tax reductions or exemptions were granted, has decreased as compared with the number of full-time employees in the taxable year in which tax reductions or exemptions were granted, a foreign-capital-invested company granted a reduction or exemption of income tax or corporate tax under paragraph (14) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010>*

(17) For the purposes of paragraphs (14) and (16), the scope of full-time employees; methods for calculating the number of full-time employees; and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010>*

(18) If a foreign-capital-invested company keeps separate accounting for the business referred to in paragraph (1) 1 and for any business other than that referred to in paragraph (1) 1, among those referred to under paragraph (1), in the same place of business, by applying mutatis mutandis Article 143, the company is entitled to apply a reduction or exemption under paragraph (2) to each business separately; provided, the period of reduction or exemption for each business shall be counted from the commencement date of the taxable year in which the first income eligible for a tax reduction or exemption accrues at the relevant place of business (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues until the taxable year falling on such fifth anniversary). *<Added on Dec. 23, 2014>*

Article 121-3 (Exemption from Customs Duties, etc.)

(1) Of the following capital goods necessary for any of the businesses referred to in Article 121-2 (1) 1 and 2 (referring to capital goods defined in Article 2 (1) 9 of the Foreign Investment Promotion Act; hereafter in this Chapter, the same shall apply), capital goods prescribed by Presidential Decree shall be exempted from customs duty, individual consumption tax, and value-added tax, if they are imported as reported under Article 5 (1) or (2) of the Foreign Investment Promotion Act for an foreign investment defined in Article 2 (1) 4 (a) (i) of that Act: *<Amended on Jan. 27, 2016>*

1. Capital goods that a foreign-capital-invested company imports with any means of international payment or domestic payment it has obtained as equity investment from a foreign investor;

2. Capital goods that a foreign investor imports as objects of investment defined in Article 2 (1) 8 of the Foreign Investment Promotion Act (hereafter in this Chapter, referred to as "object of investment").

(2) Of the capital goods necessary for any of the businesses referred to in Article 121-2 (1) 2-2 through 2-5, 2-8, 2-9, and 3, capital goods prescribed by Presidential Decree shall be exempted from customs duty, if they are imported as reported under Article 5 (1) or (2) of the Foreign Investment Promotion Act for an foreign investment defined in Article 2 (1) 4 (a) (i) of that Act. *<Amended on Jan. 1, 2014; Jan. 27, 2016>*

(3) Where a foreign investor or a foreign-capital-invested company intends to be granted an exemption from customs duties, individual consumption tax, and value-added tax under paragraph (1) or from customs duties under paragraph (2), he or she or it shall file an application therefor, as prescribed by Decree of the Ministry of Economy and Finance.

(4) Paragraph (1) shall not apply to any foreign investment defined in Article 2 (1) 4 (a) (ii), 5 (2) 1, or 6 of the Foreign Investment Promotion Act. *<Amended on Jan. 27, 2016>*

Article 121-4 (Tax Reduction or Exemption for Capital Increase)

(1) Where a foreign-capital-invested company increases its capital, Articles 121-2 and 121-3 shall apply mutatis mutandis to tax reduction or exemption for the increased capital; provided, consultation with the competent Minister or the head of the local government under Article 121-2 (8), may be omitted for an application for tax reduction or exemption that meets the criteria prescribed by Presidential Decree.

(2) The following stocks, etc., are entitled to tax reduction or exemption during the remaining period of reduction or exemption and at the ratio of reduction or exemption for the relevant remaining period in the same manner as tax reduction or exemption is granted to stocks, etc. based on which such stocks, etc. are acquired: *<Amended on Dec. 31, 2011; Jan. 27, 2016>*

1. Stocks, etc. acquired by a foreign investor upon capitalizing the reserve, revaluation reserve, or other reserves prescribed by other statutes under Article 5 (2) 2 of the Foreign Investment Promotion Act;

2. Stocks, etc. acquired by investing the proceeds from the stocks, etc. (limited to stocks, etc.) acquired by a foreign investor under Article 5 (2) 5 of the Foreign Investment Promotion Act.

(3) For the purposes of paragraph (1), the date a business commences shall be the date a modified registration on the capital increase is filed.

(4) In calculating the amount of tax eligible for reduction or exemption for a foreign-capital-invested company under paragraph (1), where the foreign-capital-invested company continues using the fixed assets for business purposes of the business whose period of tax reduction or exemption under Article 121-2 expires in the business which is subject to tax reduction or exemption for the portion of capital increase under paragraph (1) (hereafter in this paragraph, referred to as "business for the portion of capital increase ") or in circumstances prescribed by Presidential Decree, the amount calculated by the following formula shall be the amount of tax to be reduced or exempted for the business for the portion of capital increase:

<*Added on Dec. 31, 2011*>

The amount of tax to be reduced or exempted ×
× (The value of the fixed assets for the business newly
acquired or installed after the date
a modified registration is completed
completed / the total value of the fixed assets
completed / the total value of the fixed assets

(5) Notwithstanding paragraph (1), where a foreign-capital-invested company increases its capital within a maximum of the reported foreign investment amount confirmed when the decision on the tax reduction or exemption is made prior to the third anniversary from the date the first notice concerning the decision on the tax reduction or exemption is served after reporting the foreign investments, even if no application is filed for reducing or exempting the tax pursuant to the provisions of Article 121-2 (6), the foreign-capital-invested company shall be deemed eligible for the decision on the tax reduction or exemption provided for in Article 121-2 (8) for the portion of the increased capital. <*Amended on Dec. 31, 2011*>

(6) For the purposes of applying mutatis mutandis Article 121-2 to the tax reduction or exemption on the portion of capital increase under paragraph (1), the scope of full-time employees; methods for calculating the number of full-time employees; and other necessary matters, shall be prescribed by Presidential Decree. <*Added on Dec. 27, 2010; Dec. 31, 2011*>

Article 121-5 (Additional Collection of Amount of Tax Reduced or Exempted on Foreign Investment)

(1) Where any of the following events occurs in relation to a foreign-capital-invested company granted a reduction or exemption of corporate tax or income tax as prescribed in Article 121-2 (2) or (12), the foreign-capital-invested company shall pay, as income tax or corporate tax, an amount calculated as prescribed by Presidential Decree, plus an additional amount equivalent to interest calculated as prescribed by Presidential Decree, when filing its tax return for the taxable year in which the relevant event occurs; and such amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act: <*Amended on Jan. 1, 2014; Dec. 20, 2016*>

1. Where it is deregistered under the Foreign Investment Promotion Act;
2. Where it fails to meet the requirements for tax reduction and exemption prescribed under the main clause of Article 121-2 (1);
3. Where a person, who has received a corrective order under Article 28 (5) of the Foreign Investment Promotion Act as he or she failed to implement as reported, fails to comply with it;
4. Where a foreign investor transfers the stocks, etc. which he/she owns under this Act to a Korean national or corporation;

5. Where it closes its business;

6. Where the foreign-capital-invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121-2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long-term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(2) The director of a customs office or the head of a tax office shall additionally collect customs duties, individual consumption tax, and value-added tax exempted under Article 121-3, as prescribed by Presidential Decree, in any of the following cases: *<Amended on Dec. 20, 2016>*

1. Where it is deregistered under the Foreign Investment Promotion Act;

2. Where the object of investment is used for any purpose other than the reported one, or is disposed of;

3. Where a foreign investor transfers the stocks, etc. which he or she owns under this Act to a Korean national or corporation;

4. Where a relevant foreign-capital-invested company closes its business;

5. Where a foreign-capital-invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121-2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long-term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(3) In any of the following cases, the head of a local government shall additionally collect the acquisition tax and property tax reduced or exempted under Article 121-2 (4), (5), and (12), as prescribed by Presidential Decree. In such cases, the amount of tax equivalent to the amount commensurate with the relevant insufficient ratio, shall be collected additionally, in cases falling under subparagraph 1: *<Amended on Dec. 27, 2010; Dec. 20, 2016>*

1. Where the ratio of stocks, etc. of a foreign investor falls short of the ratio of stocks, etc. at the time of reduction or exemption, after the taxes have been reduced or exempted under Article 121-2 (5) and (12);

2. Where a foreign investor transfers the stocks, etc. which he or she owns under this Act to a Korean national or corporation after the taxes have been reduced or exempted under Article 121-2 (4) and (12);

3. Where a registration is revoked under the Foreign Investment Promotion Act;

4. Where a relevant foreign-capital-invested company closes its business;

5. Where a foreign-capital-invested company fails to meet the requirements for tax reduction and exemption prescribed under Article 121-2 (1) within five years (or three years for requirements for tax reduction and exemption relating to employment) from the date it reported on foreign investment, in terms of payment of the object of investment, acquisition of long-term loans defined in Article 2 (1) 4 (b) of the Foreign Investment Promotion Act, or the number of workers it has employed.

(4) The scope of amount of tax to be additionally collected under paragraphs (1) through (3); methods for application in cases falling under multiples grounds for additional tax collection; and other necessary

matters, shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2013>*

(5) In any of the following cases, the amount of tax reduced or exempted need not be additionally collected, as prescribed by Presidential Decree, notwithstanding paragraphs (1) through (3): *<Amended on Dec. 23, 2014>*

1. Where the registration of a foreign-capital-invested company is revoked as it is dissolved by a merger;
2. Where a foreign-capital-invested company uses any capital goods it imported with no customs duties, etc. under Article 121-3 and have used, but become unusable for their original purposes due to a natural disaster or other force majeure events, or depreciation, technological advancement, and other changes in economic conditions, and for other purposes than original ones, or disposes of such capital goods with approval from the Minister of Economy and Finance;
3. Where a foreign-capital-invested company transfers the stocks, etc. to a Korean national or corporation to go public under the Financial Investment Services and Capital Markets Act;
4. Where a foreign-capital-invested company meets the relevant requirements for tax reduction or exemption by delivering the object of investment within the performance period extended by the relevant Mayor/Do Governor under the Foreign Investment Promotion Act;
5. Where the purpose of tax reduction or exemption is deemed achieved, which is prescribed by Presidential Decree.

(6) Where a foreign-capital-invested company in receipt of a decision for tax reduction or exemption under Article 121-2 (8), falls under any subparagraph of paragraph (1) (excluding subparagraph 4), of paragraph (2) (excluding subparagraphs 2 and 3), or of paragraph (3) (excluding subparagraphs 1 and 2), the reduction or exemption under Articles 121-2 through 121-4 shall not apply for the relevant taxable year and remaining period for reduction or exemption, as prescribed by Presidential Decree. *<Added on Jan. 1, 2013>*

Article 121-6 Deleted. *<Jan. 1, 2014>*

Article 121-7 (Delegation, etc. of Authority)

The Minister of Strategy and Finance may delegate or entrust part of his or her authority under this Chapter, as prescribed by Presidential Decree, to the Commissioner of the National Tax Service, the Commissioner of Korea Customs Service, and the heads of other institutions related to foreigner investment prescribed by Presidential Decree.

CHAPTER V-2 SPECIAL TAXATION TO PROMOTE JEJU FREE INTERNATIONAL CITY

Article 121-8 (Reduction or Exemption of Corporate Tax for Enterprises that Occupy Jeju Science Park)

(1) Where an enterprise that occupies Jeju Science Park designated under Article 161 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City (hereafter in this Chapter, referred to as the "Jeju Science Park"), by not later than December 31, 2025, operates any of the businesses prescribed by Presidential Decree, such as biotech industry or information and communications industry (hereafter in this Article, referred to as "business eligible for tax reduction or exemption"), the enterprise is entitled to a full exemption from corporate tax or income tax, on income accruing from the business eligible for tax reduction or exemption, for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after the date the relevant business commences (or of the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary); and is entitled to a reduction of corporate tax or income tax by 50/100 for the two subsequent taxable years thereafter. *<Amended on Jan. 1, 2013; Jul. 24, 2015; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (1) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"). *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees of the place of business in Jeju Science Park in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") × 15 million won (or 20 million won in cases of a full-time youth employees, and of full-time employees of a place of business eligible for tax reduction or exemption which engages in any service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));
3. Deleted; *<Dec. 24, 2018>*

(3) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (1), an amount referred to in paragraph (2) 1 shall be first applied, and then an amount referred to in paragraph (2) 2 shall be applied. *<Added on Dec. 27, 2010>*

(4) Where the number of full-time employees of a place of business eligible for tax reduction or exemption each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees of such place in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (2) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed

by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(5) For the purposes of paragraphs (2) and (4), the scope of full-time employees and full-time youth employees; methods for calculating the number of full-time employees; and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(6) In any of the following cases, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (1) shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing the tax return for the taxable year in which such event occurs. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;

2. Where the enterprise relocates the place of business granted the tax reduction or exemption to any area other than the Jeju Science Park.

(7) Any person who intends to be granted a tax reduction or exemption pursuant to paragraph (1) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Dec. 28, 2021>*

(8) A person to whom the ceiling on a service business applies pursuant to paragraph (2) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021>*

Article 121-9 (Reduction or Exemption of Corporate Tax for Enterprises that Occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)

(1) An investment made to operate any of the following businesses or projects (hereafter in this Article and Articles 121-11 and 121-12, referred to as "business eligible for tax reduction or exemption"), is eligible for a reduction or exemption of corporate tax or income tax as prescribed in paragraphs (2) and (4) through (7), if it meets the requirements prescribed by Presidential Decree: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jul. 24, 2015; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. A business operated by an enterprise that occupies the Jeju Investment Promotion Zone designated under Article 162 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City (hereafter in this Chapter, referred to as the "Jeju Investment Promotion Zone"), by not later than December 31, 2025, at a place of business in that Zone;

2. A business operated by an enterprise that occupies the Free Trade Zone designated in Jeju Special Self-Governing Province pursuant to Article 4 of the Act on Designation and Management of Free Trade Zones (hereafter in this Chapter, referred to as the "Jeju Free Trade Zone"), by not later than December 31, 2021, at a place of business in that Zone;

3. A development project collectively planned, financed, designed, constructed, marketed, leased, sold in lots, etc. by a development project entity of the Jeju Investment Promotion Zone to develop the Jeju Investment Promotion Zone.

(2) Regarding income accruing from a business eligible for tax reduction or exemption falling under any subparagraph of paragraph (1), for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business until the taxable year falling on such fifth anniversary), in cases falling under paragraph (1) 1 or 2, 100/100 of corporate tax or income tax, and in cases falling under paragraph (1) 3, 50/100 of corporate tax or income tax shall be reduced or exempted, respectively; and for the two subsequent taxable years thereafter, in cases falling under paragraph (1) 1 or 2, 50/100 of corporate tax or income tax, and in cases falling under paragraph (1) 3, 25/100 of corporate tax or income tax shall be reduced, respectively. *<Amended on Jun. 9, 2020>*

(3) Deleted. *<Dec. 15, 2015>*

(4) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"). *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The number of full-time employees of a place of business that falls under any subparagraph of paragraph (1) (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") in the relevant taxable year × 15 million won (or 20 million won in cases of full-time youth employees, and full-time employees of a place of business that engages in any service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));

3. Deleted; *<Dec. 24, 2018>*

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied. *<Added on Dec. 27, 2010>*

(6) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(7) For the purposes of paragraphs (4) and (6), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(8) A person who intends to be granted a tax reduction or exemption under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 15, 2015>*

(9) An enterprise to which the ceiling on a service business applies pursuant to paragraph (4) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018>*

Article 121-10 (Exemption from Customs Duties on Goods Imported by Enterprises that Occupy Jeju Science Park)

(1) Goods prescribed by Presidential Decree among those to be imported by enterprises that occupy Jeju Science Park, by not later than December 31, 2023, to use for research and development shall be exempted from customs duties. *<Amended on Dec. 31, 2011; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021>*

(2) Article 118 (3) and (4) shall apply mutatis mutandis to the goods exempt from customs duties under paragraph (1).

(3) In cases falling under any subparagraph of Article 121-8, the head of the competent customs office shall additionally collect exempted tax amounts, as prescribed by Presidential Decree. *<Added on Dec. 28, 2021>*

Article 121-11 (Exemption from Customs Duties on Goods Imported by Companies Located in Jeju Investment Promotion Zone)

(1) Goods prescribed by Presidential Decree, among the capital goods (referring to the capital goods defined under Article 2 (1) 9 of the Foreign Investment Promotion Act, and excluding those for repair or replacement) to be imported by the companies located in the Jeju investment promotion zone, by not later than December 31, 2023, to directly use them for the business eligible for tax reduction or exemption, are exempt from customs duties; provided, such goods shall be limited to those impracticable to produce in Korea, except for the goods to be imported by foreign investors or foreign-capital invested companies for foreign investment pursuant to the Foreign Investment Promotion Act. *<Amended on Dec. 31, 2011; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021>*

(2) Article 118 (3) and (4) shall apply mutatis mutandis to the goods exempt from customs duties under paragraph (1).

Article 121-12 (Additional Collection of Amount of Tax Reduced or Exempted from Enterprises that Occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)

(1) The head of a tax office or the head of a customs office shall additionally collect corporate tax, income tax, or customs duties reduced or exempted under Article 121-9 or 121-11, as prescribed by Presidential Decree, in any of the following cases: *<Amended on Dec. 27, 2010; Jan. 1, 2014; Jul. 24, 2015; Dec. 15, 2015; Jan. 27, 2016>*

1. Where the designation of the Jeju Investment Promotion Zone is cancelled pursuant to Article 163 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City;
2. Where an occupancy contract is terminated pursuant to Article 15 of the Act on Designation and Management of Free Trade Zones;
3. Where a company occupying Jeju Investment Promotion Zone or Jeju Free Trade Zone, closes its business;
4. Deleted. *<Dec. 15, 2015>*
5. Deleted. *<Dec. 15, 2015>*
6. Where no investment satisfying the requirements for tax reduction and exemption prescribed under Article 121-9 (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such third anniversary).

(2) Article 121-9 (2) shall not apply to the relevant taxable year, and the remaining period of reduction or exemption in cases falling under paragraph (1) 6. *<Added on Dec. 27, 2010>*

(3) The scope of amounts of tax to be additionally collected pursuant to paragraph (1), shall be prescribed by Presidential Decree. *<Amended on Dec. 27, 2010>*

Article 121-13 (Special Cases Concerning Indirect Tax, etc. for Jeju-do Traveler Using Duty-Free Shops)

(1) Where a person prescribed by Presidential Decree who travels around Jeju-do (hereafter referred to as "Jeju-do traveler" in this Article) purchases any goods prescribed by Presidential Decree (hereafter referred to as "duty-free goods" in this Article) at a duty-free shop under Article 255 of the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City (hereafter referred to as "designated duty-free shop" in this Article) and carry out the goods to any area outside of Jeju-do, such goods are exempt (or application of the zero tax rate in cases of value-added tax; the same shall apply hereafter in this Article) from value-added tax, individual consumption tax, liquor tax, customs duties, and tobacco consumption tax (hereafter referred to as "value-added tax, etc." in this Article). *<Amended on Jul. 24, 2015>*

(2) Designated duty-free shops shall be deemed to be bonded areas licensed under Article 174 of the Customs Act. In this regard, the duty-free goods to be carried out to any area outside of Jeju-do under paragraph (1) may be sold at such bonded areas, notwithstanding Article 196 (1) of the Customs Act.

(3) Duty-free goods supplied by the business operators to designated duty-free shops are exempted from value-added tax, individual consumption tax, liquor tax, and tobacco consumption tax, as prescribed by Presidential Decree.

(4) The prices of duty-free goods to be sold at designated duty-free shops shall be equivalent to 800 U.S. dollars and not exceed the price prescribed by Presidential Decree. *<Amended on Dec. 23, 2014; Dec. 31, 2022>*

(5) The maximum amount of duty-free goods that a Jeju-do traveler can purchase at any designated duty-free shop per time shall be equivalent to 800 U.S. dollars and shall not exceed the amount prescribed by Presidential Decree. In such cases, duty-free goods falling within the scope prescribed by Presidential Decree shall be excluded from the calculation of the maximum amount. *<Amended on Dec. 23, 2014; Dec. 31, 2019; Dec. 31, 2022>*

(6) Jeju-do travelers may purchase duty-free goods up to six times a year from designated duty-free shops. *<Added on Dec. 31, 2019>*

(7) The quantity and price limits of duty-free goods, sales procedures of duty-free goods, procedures for exempting duty-free goods from value-added tax, etc., procedures for control of non-carried-out goods, collection of the reduced or exempted amount of tax due to unjustifiable purchase of duty-free goods, restriction on use of the designated duty-free shops, and other necessary matters for exemption of value-added tax, etc., shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2019>*

Article 121-14 (Special Cases concerning Indirect Taxes on Goods of Bonded Stores Installed in Passage Entering into Korea)

(1) The goods referred to in the proviso of Article 196 (4) of the Customs Act and sold at bonded stores pursuant to the proviso of Article 196 (1) 1 of that Act (hereafter in this Article, referred to as "goods") are entitled to exemption (in cases of value-added tax, referring to the application of zero tax rate; hereafter in this Article, the same shall apply) from value-added tax and liquor tax (hereafter in this Article, referred to as "value-added tax, etc.") on such goods. *<Amended on Dec. 29, 2020>*

(2) The goods sold at the bonded stores designated in Article 196 (2) of the Customs Act to people entering the Republic of Korea are entitled to exemption from value-added tax, etc. on such goods. *<Added on Dec. 29, 2020>*

(3) A business operator who supplies domestic goods defined in subparagraph 5 of Article 2 of the Customs Act to the bonded stores referred to in paragraph (1) or (2) is entitled to exemption from value-added tax, etc., as prescribed by Presidential Decree. *<Amended on Dec. 29, 2020>*

(4) Procedures for exempting value-added tax, etc. on goods and matters necessary for collecting the amount of tax reduced or exempted on illegal purchase of goods shall be prescribed by Presidential Decree. *<Amended on Dec. 29, 2020>*

Article 121-15 (Reduction or Exemption of Individual Consumption Tax on Golf Courses in Jeju Special Self-Governing Province)

Notwithstanding Article 1 (3) 4 of the Individual Consumption Tax Act, the tax rate of 3,000 won shall apply to entrance to a golf course in Jeju Special Self-Governing Province (applicable only to entrance by not later than December 31, 2021).

Article 121-16 Deleted. *<Dec. 15, 2015>*

CHAPTER V-3 SPECIAL TAXATION TO DEVELOP ENTERPRISE CITIES AND TO SUPPORT REGIONAL DEVELOPMENT PROJECT ZONES

Article 121-17 (Reduction or Exemption of Corporate Tax for Start-Up Enterprises in Enterprise City Development Zones)

(1) An investment made to operate any of the following businesses or projects (hereafter in this Chapter, referred to as "business eligible for tax reduction or exemption"), is eligible for a reduction of, or an exemption from, corporate tax or income tax as prescribed in paragraphs (2) through (8), if the investment meets the criteria prescribed by Presidential Decree in terms of the type of business, the amount invested and the number of persons employed: *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020, Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. A business operated by an enterprise which starts its business or establishes a new place of business (excluding where an existing place of business is relocated) in an enterprise city development zone, by not later than December 31, 2025, at its place of business in such zone;

2. An enterprise city development project defined in subparagraph 3 of Article 2 of the Special Act on the Development of Enterprise Cities and performed by an enterprise city development project entity;

3. A business operated by an enterprise (including a national who operates a tourist accommodation business or a general resort business under the Tourism Promotion Act or a livestock business, where the national is selected as an implementer of a development project in an abandoned mine area promotion district designated under the Special Act on the Assistance to the Development of Abandoned Mine Areas, among areas deemed as regional development project zones under Article 4 of the Addenda to the Regional Development Assistance Act (Act No. 12737)) and moving into such areas) which starts a business or establishes a place of business (excluding cases where an existing place of business is relocated) in a regional development project zone designated under Article 11 of the Regional Development Assistance Act or in a regional promotion area designated under Article 67 of that Act, by not later than December 31, 2025, at its place of business in such zone or area and a business operated by an enterprise that starts a new business or establishes a new place of business (excluding cases where an existing place of business is relocated) by not later than December 31, 2025

in a place of business located in a zone prescribed by Presidential Decree according to a comprehensive plan under Article 8 of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea or a project plan under Article 9 of that Act, among the undeveloped areas defined in subparagraph 5 of Article 2 of the Regional Development Assistance Act;

4. A regional development project performed by a project implementer designated under Article 19 of the Regional Development Assistance Act in a regional development project zone under Article 11 of that Act (limited to a regional development project defined in Article 7 (1) 1 of that Act) or in a regional promotion area designated under Article 67 of that Act and a project performed under Article 10 (2) of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea by a project implementor referred to in Article 10 (1)of that Act in an undeveloped area defined in subparagraph 5 of Article 2 of the Regional Development Assistance Act;

5. A business operated by an enterprise which starts its business or establishes a new place of business (excluding where an existing place of business is relocated), in the marine exposition district designated and publicly notified under Article 15 (1) of the Special Act on the Commemoration of and Follow-Up on the Expo 2012 Yeosu Korea, by not later than December 31, 2025;

6. A business operated by the project implementer under Article 18 (1) of the Special Act on the Commemoration of and Follow-Up on the Expo 2012 Yeosu Korea, for utilizing exposition facilities after the event;

7. The Saemangeum Project implemented by the project implementer designated under Article 8 (1) of the Special Act on Promotion and Support for Saemangeum Project;

8. A project performed at a place of business in the Saemangeum investment promotion district designated pursuant to Article 11-5 of the Special Act on Promotion and Support for Saemangeum Project by an enterprise starting a business or establishing a place of business (excluding cases where an existing place of business is relocated) in the district by not later than December 31, 2025.

9. A project performed at a place of business in the Special Peace Economic Zone designated pursuant to Article 8 of the Act on the Designation and Operation of Special Peace Economic Zone by an enterprise starting a business or establishing a place of business (excluding cases where an existing place of business is relocated) in the district by not later than December 31, 2025;

10. A development project for a special peace economic zone that is implemented by a development project implementer designated pursuant to Article 15 of the Act on the Designation and Operation of Special Peace Economic Zones.

(2) Regarding any income accruing from a business eligible for tax reduction or exemption of an enterprise falling under paragraph (1), an enterprise is entitled to a full exemption from corporate tax or income tax in cases falling under paragraph (1) 1, 3, 5, 8, 9 and to a reduction of 50/100 of corporate tax or income tax in cases falling under paragraph (1) 2, 4, 6, 7, 10 respectively, for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption after the date the relevant business commences

(or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and the enterprise is entitled to a reduction of 50/100 of corporate tax or income tax in cases falling under paragraph (1) 1, 3, 5, 8, 9 and 25/100 of corporate tax or income tax in cases falling under paragraph (1) 2, 4, 6, 7, 10 respectively, for the two subsequent taxable years thereafter. *<Amended on Jan. 1, 2013; Dec. 20, 2016; Dec. 31, 2022; Dec. 31, 2023>*

(3) Deleted. *<Dec. 15, 2015>*

(4) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"). *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees of a place of business that engages in a business that falls under any subparagraph of paragraph (1) (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") in the relevant taxable year × 15 million won (or 20 million won in cases of a full-time youth employee, and of a full-time employee of a place of business that engages in service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));
3. Deleted; *<Dec. 24, 2018>*

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied. *<Added on Dec. 27, 2010>*

(6) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(7) For the purposes of paragraphs (4) and (6), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(8) For the purposes of paragraphs (1), Article 6 (10) shall apply mutatis mutandis to the scope of business startup. *<Amended on Dec. 27, 2010; Dec. 15, 2015; May 29, 2018; Dec. 24, 2018>*

(9) A person who wishes to be granted a tax reduction or exemption under paragraph (2) shall file an application for the tax reduction or exemption, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 15, 2015>*

(10) An enterprise to which the ceiling on a service business applies under paragraph (4) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018>*

Article 121-18 (Reduction of, or Exemption from, Individual Consumption Tax on Golf Courses in Tourism-Hub Enterprise Cities)

(1) Notwithstanding Article 1 (3) 4 of the Individual Consumption Tax Act, no individual consumption tax shall be levied on the admission (limited to admissions made by not later than December 31, 2015) to a golf course established in a tourism-hub enterprise city defined under Article 30 (1) of the Special Act on the Development of Enterprise Cities (including tourism-leisure-type enterprise cities designated under subparagraph 1 (c) of Article 2 of the former Special Act on the Development of Enterprise Cities at the time the Special Act on the Development of Enterprise Cities as partially amended by Act No. 13372 entered into force; hereafter referred to as "tourism- hub enterprise city" in this Article). *<Amended on Dec. 27, 2010; Jan. 1, 2013; Jun. 22 2015>*

(2) The Metropolitan City Mayor or the head of a Si or Gun (excluding the head of a Gun under the jurisdiction of a Metropolitan City) having jurisdiction over a tourism-hub enterprise city shall take necessary measures to ensure that special taxation for golf courses located in tourism-centered enterprise cities under paragraph (1) can contribute to promoting tourism in the tourism-hub enterprise city, as prescribed by Presidential Decree. *<Amended on Jun. 22, 2015>*

Article 121-19 (Additional Collection of Reduced or Exempted Amount of Tax)

(1) In any of the following cases, the head of a tax office shall additionally collect the corporate tax or income tax reduced or exempted under Article 121-17, as prescribed by Presidential Decree: *<Amended on Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

1. Where the designation of an enterprise city development zone is canceled under Article 7 of the Special Act on the Development of Enterprise Cities;

2. Where the designation of a regional development project zone or a regional promotion area is canceled under Article 18 of the Regional Development Assistance Act or Article 69 of that Act; provided, this shall not apply where the designation of a regional development project zone or a regional revitalization zone is canceled due to the achievement of the purpose of designation, such as the cancellation of designation under Article 18 (2) 3 of the same Act;

3. Where no investment meeting the requirements for tax reduction or exemption provided for in Article 121-17 (1) is made within two years from the end of the taxable year during which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year in which the third anniversary falls, if no income accrues from the relevant business by the taxable year in which the third anniversary of the date of commencement of the business falls);

4. Where an enterprise that has started its business in an enterprise city development zone permanently closes the business or the newly established place of business;

5. Where an enterprise that has started its business in a regional development project zone designated under Article 11 of the Regional Development Assistance Act (limited to regional development projects defined under Article 7 (1) 1 of that Act) or in a regional promotion area designated under Article 67 of that Act permanently closes the business or the newly established place of business;

6. Where an enterprise which has started its business in the marine exposition district designated and publicly notified under Article 15 (1) of the Special Act on the Commemoration of and Follow-Up on the Expo 2012 Yeosu Korea permanently closes the business or the newly established place of business;

7. Where an approval for implementing a project is revoked pursuant to Article 11 (6) of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea;

8. Where an enterprise that has started a business in an area for a project implemented in a comprehensive plan under Article 8 of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea or a project plan under Article 9 of that Act closes its business or a place of business newly established in that area;

9. Where the designation of the Saemangeum investment promotion district is canceled pursuant to Article 11-6 of the Special Act on Promotion and Support for Saemangeum Project;

10. Where an enterprise that stared a business in the Saemangeum investment promotion district designated and publicly notified pursuant to Article 11-5 of the Special Act on Promotion and Support for Saemangeum Project closes its business or newly established place of business.

11. Where the designation of a special peace economic zone is canceled or the relevant unit development project zone is excluded from the special peace economic zone pursuant to article 14 (1) of the Act on the Designation and Operation of Special Peace Economic Zone.

12. Where an enterprise that started a business in a special peace economic zone designated and publicly notified pursuant to Article 8 of the Act on the Designation and Operation of Special Peace Economic Zones closes its business or closes its newly established place of business.

(2) In cases falling under paragraph (1) 3, Article 121-17 (2) shall not apply during the relevant taxable year and the remaining period for tax reduction or exemption.

(3) Deleted. <*Dec. 15, 2015*>

CHAPTER V-4 SPECIAL TAXATION TO SUPPORT ASIAN CULTURAL HUB CITY

Article 121-20 (Reduction or Exemption of Corporate Tax for Enterprises that Occupy Investment Promotion Zone for Asian Cultural Hub City)

(1) Where an enterprise that occupies an investment promotion zone designated under Article 16 of the Special Act on the Development of Asian Cultural Hub City, by not later than December 31, 2025, makes

an investment, the category of business and amount invested of which meet the standards prescribed by Presidential Decree, to engage in a business in the investment promotion zone, corporate tax or income tax on such investment shall be reduced or exempted pursuant to paragraphs (2) and (4) through (10). *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Regarding income accruing from the business eligible for tax reduction and exemption, an enterprise referred to in paragraph (1) is entitled to a full exemption from corporate tax or income tax for the three subsequent taxable years from the commencement date of the taxable year in which the first income accrues from the relevant business eligible for tax reduction and exemption after the date the relevant business commences (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and is entitled to a reduction of 50/100 of corporate tax or income tax for the two subsequent taxable years thereafter.

(3) Deleted. *<Dec. 15, 2015>*

(4) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"). *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees of a place of business located in an investment promotion zone referred to in paragraph (1) (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") in the relevant taxable year × 15 million won (or 20 million won in cases of a full-time youth employee, and of a full-time employee of a place of business that engages in service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));
3. Deleted; *<Dec. 24, 2018>*

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied. *<Added on Dec. 27, 2010>*

(6) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(7) For the purposes of paragraphs (4) and (6), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall

be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(8) Where no investment that satisfies the requirements for tax reduction and exemption referred to in paragraph (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, where no income accrues from the relevant business by the taxable year falling on such third anniversary), the head of the competent tax office shall additionally collect corporate tax or income tax reduced or exempted under paragraphs (1) through (7), as prescribed by Presidential Decree. *<Added on Dec. 27, 2010>*

(9) Paragraph (2) shall not apply to the relevant taxable year and the remaining period of reduction or exemption, in cases falling under paragraph (8). *<Added on Dec. 27, 2010>*

(10) If any of the following events occurs to an enterprise granted a reduction of income tax or corporate tax under paragraph (2), the enterprise shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing its tax return for the taxable year in which such event occurs. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;
2. Where a place of business granted a tax reduction or exemption is relocated to any area other than the investment promotion district designated pursuant to Article 16 of the Special Act on the Development of Asian Cultural Hub City.

(11) A person who intends to be granted a reduction or exemption of corporate tax or income tax under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 15, 2015>*

(12) An enterprise to which the ceiling on a service business applies under paragraph (4) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018>*

CHAPTER V-5 SPECIAL TAXATION TO CREATE AND DEVELOP FINANCIAL HUBS

Article 121-21 (Reduction or Exemption of Corporate Tax for Enterprises Incorporated in Financial Hubs)

(1) Where an enterprise is incorporated or a place of business is established (excluding where an existing place of business is relocated) in a financial hub (excluding financial hubs located in the over-concentration control region of the Seoul Metropolitan area) designated under Article 5 (5) of the Act on

the Creation and Development of Financial Hubs, by not later than December 31, 2025, and operates finance business or insurance business meeting the requirements prescribed by Presidential Decree (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") at the place of business located in the financial hub (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption"), corporate tax or income tax shall be reduced or exempted pursuant to paragraphs (2) and (4) through (10). *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 15, 2015; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

(2) Any income accruing from the business eligible for tax reduction or exemption conducted at a place of business located in a financial hub referred to in paragraph (1), is eligible for a full exemption from income tax or corporate tax for the three subsequent taxable years after the commencement date of the taxable year in which the first income accrues from the relevant business (or the taxable year falling on the fifth anniversary from the date the relevant business commences, if no income accrues from the relevant business by the taxable year falling on such fifth anniversary); and eligible for reduction of income tax or corporate tax by 50/100 for the two subsequent taxable years thereafter.

(3) For the purposes of paragraph (1), Article 6 (10) shall apply mutatis mutandis to the scope of business startup. *<Added on Dec. 24, 2018>*

(4) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"). *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;
2. The number of full-time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 15 million won (or 20 million won in cases of a full-time youth employee, and of a full-time employee of a place of business that engages in service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business "));
3. Deleted; *<Dec. 24, 2018>*

(5) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year pursuant to paragraph (2), an amount referred to in paragraph (4) 1 shall be first applied, and then an amount referred to in paragraph (4) 2 shall be applied. *<Added on Dec. 27, 2010>*

(6) Where the number of full-time employees each taxable year during the period from the end of the taxable year in which a tax reduction or exemption was granted, until the end of the taxable year falling on the second anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (4) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 20, 2016; Dec. 24, 2018>*

(7) For the purposes of paragraphs (4) and (6), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 24, 2018>*

(8) Where no investment satisfying the requirements for tax reduction or exemption referred to in paragraph (1), is made within two years from the end of the taxable year in which the first income accrues from the relevant business eligible for tax reduction or exemption (or the taxable year falling on the third anniversary from the date the relevant business commences, where no income accrues from the relevant business by the taxable year falling on such third anniversary), the head of the competent tax office shall additionally collect corporate tax or income tax reduced or exempted under paragraphs (1), (2), and (4) through (7), as prescribed by Presidential Decree. *<Added on Dec. 27, 2010; Dec. 15, 2015>*

(9) Paragraph (2) shall not apply to the relevant taxable year and the remaining period of reduction or exemption, in cases falling under paragraph (8). *<Added on Dec. 27, 2010>*

(10) If any of the following events occurs to an enterprise granted a reduction of income tax or corporate tax under paragraph (2), the enterprise shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing its tax return for the taxable year in which such event occurs. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;
2. Where a place of business granted a tax reduction or exemption is relocated to any area other than a financial hub designated pursuant to Article 5 (5) of the Act on the Creation and Development of Financial Hubs (excluding a financial hub in the over-concentration control region of the Seoul Metropolitan area).

(11) A person who intends to be granted a reduction or exemption of corporate tax or income tax under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 15, 2015>*

(12) An enterprise to which the ceiling on a service business applies under paragraph (4) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018>*

CHAPTER V-6 SPECIAL TAXATION TO SUPPORT HIGH-TECH MEDICAL COMPLEXES AND NATIONAL FOOD CLUSTERS

Article 121-22 (Reduction or Exemption of Corporate Tax. for Enterprises that Occupy High-Tech Medical Complexes and National Food Clusters)

(1) A business falling under any of the following subparagraphs (hereafter in this Chapter, referred to as "business eligible for tax reduction or exemption") is entitled to reduction or exemption of income tax or corporate tax pursuant to paragraphs (2) through (3): *<Amended on Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

1. A business specified by Presidential Decree, such as a health and medical technology business operated by an enterprise relocating to a high-tech medical complex established pursuant to Article 6 of the Special Act on the Promotion of High-Tech Medical Complexes by not later than December 31, 2025 at a place of business in the high-tech medical complex;

2. A business specified by Presidential Decree, such as a food industry business operated by an enterprise relocating to a national food cluster established pursuant to Article 12 of the Food Industry Promotion Act by not later than December 31, 2025 at a place of business in the national food cluster.

(2) Any income accruing from a business eligible for tax reduction or exemption and operated at a place of business for the business eligible for tax reduction or exemption under paragraph (1) (hereafter in this Chapter, referred to as "place of business eligible for tax reduction or exemption") is eligible for full exemption from income tax or corporate tax for the taxable years ending within three years from the commencement date of the taxable year in which income accrues first from the relevant business after the business commencement date (or the taxable year in which the fifth anniversary falls if no income accrues from the relevant business by the taxable year in which the fifth anniversary of the business commencement date falls) and for reduction of income tax or corporate tax by 50/100 for the taxable years ending within two years thereafter. *<Amended on Dec. 31, 2019>*

(3) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling "): *<Amended on Dec. 20, 2016; Dec. 24, 2018>*

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The number of full-time employees at a place of business eligible for tax reduction or exemption in the relevant taxable year × 15 million won (or 20 million won in cases of a full-time youth employee, and of a full-time employee of a place of business that engages in service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business ");

3. Deleted; *<Dec. 24, 2018>*

(4) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year under paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in paragraph (3) 2 shall be applied.

(5) Where the number of full-time employees of a place of business eligible for tax reduction or exemption each taxable year during the period from the end of the taxable year in which a tax reduction or exemption

was granted, until the end of the taxable year falling on the third anniversary from the end of the taxable year in which the tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which the tax reduction or exemption was granted, an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree. *<Amended on Jan. 1, 2014; Dec. 20, 2016; Dec. 24, 2018>*

(6) For the purposes of paragraphs (3) and (5), the scopes of full-time employees and full-time youth employees; methods for calculating the number of full-time employees; and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Dec. 24, 2018>*

(7) If any of the following events occurs to an enterprise granted a reduction or exemption of income tax or corporate tax under paragraph (2), such enterprise shall pay the tax amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing a tax return for the taxable year in which the event occurs: In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis: *<Added on Dec. 28, 2021>*

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;
2. Where the enterprise relocates the place of business granted tax reduction or exemption to any area other than any of the following places:
   (a) Where the enterprise falls under paragraph (1) 1 and was granted a reduction or exemption of income tax or corporate tax: A high-tech medical complex designated pursuant to Article 6 of the Special Act on the Promotion of High-Tech Medical Complexes;
   (b) Where the enterprise falls under paragraph (1) 2 and was granted a reduction or exemption of income tax or corporate tax: A national food cluster established pursuant to Article 12 of the Food Industry Promotion Act.

(8) A person who intends to be granted a reduction or exemption of income tax or corporate tax pursuant to paragraph (2) shall file an application therefor, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021>*

(9) An enterprise to which the ceiling on a service business applies under paragraph (3) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143. *<Added on Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021>*

CHAPTER V-7 SPECIAL TAXATION FOR RESTRUCTURING NATIONAL AGRICULTURAL COOPERATIVE FEDERATION

Article 121-23 (Special Taxation for Split-Off of National Agricultural Cooperative Federation)

(1) Where the National Agricultural Cooperative Federation incorporated under the Agricultural Cooperatives Act (hereafter in this Article, referred to as the "National Agricultural Cooperative Federation"), is split off by not later than December 31, 2017 pursuant to Articles 161-2 and 161-10 through 161-12 of the Agricultural Cooperatives Act and Article 6 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522), this Act and the provisions governing split-off under the Corporate Tax Act shall apply to such split-off, deeming that such split-off satisfies the requirements prescribed in Article 47 (1) of the Corporate Tax Act; and it shall not be deemed the supply of goods under Articles 9 and 10 of the Value-Added Tax Act. *<Amended on Jun. 7, 2013; Jan. 1, 2014; Dec. 27, 2016>*

(2) Where the NongHyup Financial Group incorporated under Article 161-10 of the Agricultural Cooperatives Act (hereafter in this Article, referred to as "NongHyup Financial Group"), conducts an all-inclusive share swap as prescribed in Article 360-2 of the Commercial Act (hereafter in this Article, referred to as "all-inclusive share swap") with the National Agricultural Cooperative Federation by not later than June 30, 2012, such all-inclusive share swap shall be deemed to have satisfied the requirements prescribed in Article 38 (1) 1. *<Amended on Dec. 23, 2014; Dec. 27, 2016>*

(3) Where the NongHyup Agribusiness Group incorporated under Article 161-2 of the Agricultural Cooperatives Act (hereafter in this Article, referred to as "NongHyup Agribusiness Group"), conducts an all-inclusive share swap with the National Agricultural Cooperatives Federation by not later than December 31, 2017, such all-inclusive share swap shall be deemed to have satisfied the requirements prescribed in Article 38 (1) 1. *<Added on Jan. 1, 2014; Dec. 23, 2014; Dec. 27, 2016>*

(4) Where the National Agricultural Cooperative Federation conducts an all-inclusive share swap with the NongHyup Agribusiness Group pursuant to paragraph (3), regarding stocks acquired in the course of a split-off under paragraph (1), the deferred taxation on the equivalent to capital gains on transfer of assets arising from such split-off, as included in its deductible expenses, may be re-deferred, as prescribed by Presidential Decree. *<Added on Dec. 23, 2014>*

(5) Articles 24, 25, and 52 of the Corporate Tax Act shall not apply to money, goods, or services that the NongHyup Agribusiness Group or any of its subsidiaries incorporated by the split-off under Article 6 of the Addenda to the Agricultural Cooperatives Act (Act No. 10522), pays or provides to a cooperative incorporated pursuant to the Agricultural Cooperatives Act (including members of a cooperative and cooperative joint business corporations) for any business prescribed by Presidential Decree. *<Added on Dec. 23, 2014>*

(6) For the purposes of Article 29 of the Corporate Tax Act, the National Agricultural Cooperative Federation may include the reserves for proper purpose business in its deductible expenses by up to the aggregate of the following amounts: *<Amended on Mar. 23, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 27, 2016; Dec. 24, 2018>*

1. The amount of incomes referred to in Article 29 (1) 1 (a) and (b) of the Corporate Tax Act;

2. The amount calculated by multiplying the amount of the agriculture support project charges paid by corporations that use "agricultural cooperative" in their title under Article 159-2 of the Agricultural Cooperatives Act, by the ratio prescribed by Decree of the Ministry of Economy and Finance through consultation between the Minister of Economy and Finance and the Minister of Agriculture, Food and Rural Affairs by between 70/100 and 100/100;

3. The amount calculated by multiplying income accruing from profit-making businesses, other than that specified in subparagraphs 1 and 2, by 50/100.

(7) For the purposes of Article 29 of the Corporate Tax Act, where the National Agricultural Cooperative Federation has included the amount prescribed by Presidential Decree, such as the amount of dividends to be paid to its members under Article 68 of the Agricultural Cooperatives Act, as the reserves for proper purpose business in a statement of tax adjustment, such amount shall be deemed included in deductible expenses and have been disbursed or used for the proper purpose business. *<Amended on Jan. 1, 2014; Dec. 23, 2014>*

(8) Article 52 of the Corporate Tax Act shall not apply to the agriculture support project charges that a corporation pays for the use of "agricultural cooperative" in its title under Article 159-2 of the Agricultural Cooperatives Act. *<Amended on Jan. 1, 2014; Dec. 23, 2014; Dec. 27, 2016>*

(9) No valued-added tax shall be levied on the services provided by the National Agricultural Cooperative Federation using its title under Article 159-2 of the Agricultural Cooperatives Act. *<Amended on Jan. 1, 2014; Dec. 23, 2014>*

(10) The following electronic services shall be exempted from value-added tax until December 31, 2026: *<Amended on Dec. 20, 2016; Dec. 27, 2016; Dec. 19, 2017; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

1. Electronic services provided by the National Agricultural Cooperative Federation to the corporations referred to in Articles 161-2 and 161-10 through 161-12 of the Agricultural Cooperatives Act (including subsidiaries of the National Agricultural Cooperative Federation under Article 6 (3) of the Addenda to the Agricultural Cooperatives Act (Act No. 10522));

2. Electronic services provided by the NongHyup Bank under Article 161-11 of the Agricultural Cooperatives Act to the following corporations:

(a) The National Agricultural Cooperative Federation;

(b) The NongHyup Financial Group under Article 161-10 of the Agricultural Cooperatives Act or NongHyup Life Insurance and NongHyup Property and Casualty Insurance under Article 161-12 of that Act;

(11) When calculating the tax base for educational tax of NongHyup Life Insurance and NongHyup Property & Casualty Insurance (hereafter in this paragraph, referred to as "NongHyup Insurance") under Article 161-12 (1) of the Agricultural Cooperatives Act, the amount of proceeds generated from contracts for mutual benefits entered into before incorporating the NongHyup Insurance shall be disregarded. *<Amended on Jan. 1, 2014; Dec. 23, 2014; Dec. 27, 2016>*

CHAPTER V-8 SPECIAL TAXATION TO RECOVER PUBLIC FUNDS

Article 121-24 (Special Taxation for Merger, Division, etc. to Recover Public Funds)

(1) If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act divides the financial holding company by not later than April 30, 2016, in order to recover public funds as provided under the Special Act on the Management of Public Funds, the provisions concerning division in this Act, the Corporate Tax Act, the Income Tax Act, and the Value-Added Tax Act shall apply to such division, deeming that the division fully satisfies the requirements of Article 46 (2) of the Corporate Tax Act, but Article 46-3 (3) and (4) of the Corporate Tax Act shall not apply to such division.

(2) If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act (including the financial holding companies established by division under paragraph (1); the same shall apply hereafter in this Article) merges a subsidiary of the financial holding company (referring to subsidiaries under the Financial Holding Companies Act; the same shall apply hereafter in this Article) with the financial holding company by not later than April 30, 2016, in order to recover public funds under the Special Act on the Management of Public Funds, the provisions concerning division in this Act, the Corporate Tax Act, the Income Tax Act, and the Value-Added Tax Act shall apply to such merger, deeming that the merger fully satisfies the requirements of Article 44 (2) of the Corporate Tax Act, but Article 44-3 (3) and (4) of the Corporate Tax Act shall not apply to such merger.

(3) If the Korea Deposit Insurance Company that has invested at least 50 percent of the total number of outstanding stocks or equity shares of a financial holding company incorporated under the Financial Holding Companies Act merges a subsidiary of the financial holding company with the financial holding company by not later than April 30, 2016, in order to recover public funds as provided under the Special Act on the Management of Public Funds, tax adjustments made in relation to the subsidiary's stocks held by the financial holding company (including the amount transferred to the financial holding company established as a consequence of the division under paragraph (1), due to a failure to include in gross income or a failure to exclude from deductible expenses when calculating the income and tax base of the divided corporation for each business year in connection with the stocks transferred from the financial holding company, which is the corporation divided through the division under paragraph (1), to the financial corporation established as a consequence of the division, and the asset adjustment account created in relation to the subsidiary’s stocks at the time of the division under paragraph (1)) shall be deemed to be entirely extinguished.

CHAPTER V-9 SPECIAL TAXATION FOR RESTRUCTURING OF NATIONAL FEDERATION OF FISHERIES COOPERATIVES

Article 121-25 (Special Taxation for Division of National Federation of Fisheries Cooperatives)

(1) Where the National Federation of Fisheries Cooperatives established under the Fisheries Cooperatives Act (hereafter referred to as the "National Federation of Fisheries Cooperatives" in this Article) is divided by not later than December 31, 2016, the provisions concerning division in this Act and the Corporate Tax Act shall apply to such division, deeming that such division satisfies the requirements of Article 47 (1) of the Corporate Tax Act, but the division shall not be deemed any supply of goods under Article 9 or 10 of the Value-Added Tax Act.

(2) Article 47 (2) 2 of the Corporate Tax Act shall not apply where a subsidiary newly established as a consequence of division under paragraph (1) (hereafter referred to as "Suhyup Bank" in this Article) disposes of the assets that it has succeeded to upon the division under paragraph (1) in order to repay funds prescribed by Presidential Decree, out of the public fund defined under subparagraph 1 of Article 2 of the Special Act on the Management of Public Funds (hereafter referred to as "public fund" in this Article).

(3) Articles 24, 25, and 52 of the Corporate Tax Act shall not apply to money, goods, or services that the Suhyup Bank pays or provides to cooperatives established under the Fisheries Cooperatives Act (including members of such cooperatives) for any business prescribed by Presidential Decree.

(4) Where Article 29 of the Corporate Tax Act applies to the National Federation of Fisheries Cooperatives, it may include reserves for proper purpose business in deductible expenses up to the aggregate of the following amounts: *<Amended on Dec. 24, 2018>*

1. The amount of incomes referred to in Article 29 (1) 1 (a) and (b) of the Corporate Tax Act;
2. The amount calculated by multiplying the amount of income from royalties charged to corporations that use "fisheries cooperative" in their title by the rate prescribed by Decree of the Ministry of Economy and Finance through consultation between the Minister of Economy and Finance and the Minister of Oceans and Fisheries within the range from 70/100 to 100/100;
3. The amount calculated by multiplying the income from profit-making businesses, other than the income specified in subparagraph 1 or 2, by 50/100.

(5) Where Article 29 of the Corporate Tax Act applies to the National Federation of Fisheries Cooperatives, the following amounts shall be deemed recognized as deductible expenses and disbursed or used for its proper purpose business, if it states such amounts as the reserve for proper purpose business in the statement of tax adjustment:

1. The amount prescribed by Presidential Decree, out of the dividends distributed by the National Federation of Fisheries Cooperatives to its members under Article 166 of the Fisheries Cooperatives Act;

2. The amount disbursed to repay the public fund prescribed by Presidential Decree.

(6) Article 52 of the Corporate Tax Act shall not apply to the royalties that a corporation pays for the use of "fisheries cooperative ", as prescribed by Presidential Decree.

(7) No value-added tax shall be imposed on the services provided by the National Federation of Fisheries Cooperatives using its title, as prescribed by Presidential Decree, by not later than December 31, 2026. *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

(8) No value-added tax shall be imposed on the following computer-related services provided by not later than December 31, 2026: *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

1. Computer-related services provided by the Suhyup Bank to cooperatives, as prescribed by Presidential Decree;

2. Computer-related services provided by the Suhyup Bank to the National Federation of Fisheries Cooperatives, as prescribed by Presidential Decree;

3. Computer-related services provided by the National Federation of Fisheries Cooperatives to the Suhyup Bank.

(9) An amount repaid pursuant to paragraph (5) 2 by not later than December 31, 2022 by the National Federation of Fisheries Cooperatives but not included in deductible expenses because the amount exceeds the maximum amount that may be included in deductible expenses pursuant to paragraph (4) shall be deemed an amount disbursed or spent for its proper purposes pursuant to paragraph (5) 2 in equal installments for each business year during the period from January 1, 2023 to December 31, 2028. *<Added on Dec. 28, 2021>*

CHAPTER V-10 SPECIAL TAXATION FOR BUSINESS RESTRUCTURING PLANS

Article 121-26 (Special Taxation for Assets Sold by Domestic Corporations for Repayment of Financial Debts and Investment)

(1) Where a domestic corporation transfers its assets to a third person on or before December 31, 2026, according to its business restructuring plan in the form prescribed by Presidential Decree (hereafter in this Article, referred to as "business restructuring plan"), which shall include any of the following statements, the domestic corporation may choose to exclude an amount prescribed by Presidential Decree (limited to the amount exceeding the deficit prescribed by Presidential Decree; hereafter in this Article, referred to as "amount equivalent to gains on transfer"), out of gains on the transfer of such assets, from its gross income during the relevant business year and three consecutive business years after the end of the relevant business year but may include such amount in its gross income, in not less than equal installments, during the three consecutive business years thereafter: *<Amended on Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. A statement that it plans to pay debts by the deadline prescribed by Presidential Decree after the date of transfer of the assets (referring to the date prescribed by Presidential Decree if such assets are

transferred on a long-term installment basis or the date on which any of the unavoidable events prescribed by Presidential Decree terminates if such event occurs; hereafter in this Article, the same shall apply);

2. A statement that it will make an investment in assets falling under Article 24 (1) 1 (a) or (b) by the deadline prescribed by Presidential Decree after the date of transfer of the assets.

(2) In any of the following cases, a domestic corporation accorded special tax treatment under paragraph (1) shall include, in its gross income, the amount excluded from its gross income under paragraph (1) at the time it calculated the income for the business year in which the relevant cause arose, as prescribed by Presidential Decree. In such cases, the domestic corporation shall pay corporate tax plus an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as "additional amount equivalent to interest" in this Article), and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act: *<Amended on Dec. 28, 2021>*

1. Where the domestic corporation fails to pay debts or fails to make an investment, according to its business restructuring plan;

2. Where the debt ratio of the domestic corporation that has transferred assets exceeds the standard debt ratio during the period of three years (or one year if assets are transferred according to a business restructuring plan jointly formulated by two or more domestic corporations, as prescribed by Presidential Decree) after the transfer of assets;

3. Where assets acquired by making an investment according to a business restructuring plan are disposed of within four years after the transfer of assets under paragraph (1);

4. Where the domestic corporation permanently closes the relevant business or is dissolved within three years from the date of transfer of the relevant assets, but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business; provided, no additional amount equivalent to interest shall be added, if any of the unavoidable causes prescribed by Presidential Decree exists;

5. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(3) Paragraph (2) 2 shall not apply to a domestic corporation granted the special taxation under that paragraph for the transfer of assets according to a business restructuring plan that does not contain the statement required under paragraph (1) 1. *<Added on Dec. 28, 2021>*

(4) A domestic corporation that implements its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree. *<Amended on Dec. 28, 2021>*

(5) For the purposes of paragraphs (1) through (4), the time of transfer, scope of debts, determination of the debt ratio and the standard debt ratio, application for tax reduction or exemption, and other necessary

matters shall be prescribed by Presidential Decree. <*Amended on Dec. 28, 2021*>

Article 121-27 (Special Taxation for Assumption and Payment of Debts)

(1) Where a stockholder or investor (limited to a corporate stockholder or investor; hereafter referred to as "stockholder, etc." in this Article) of a domestic corporation assumes or pays debts of the domestic corporation, and all stocks or equity shares held by the controlling stockholder or investor of the domestic corporation and related persons to such controlling stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) are transferred to any person prescribed by Presidential Decree, other than the related persons, by not later than December 31, 2026, according to the financial restructuring plan prescribed by Presidential Decree (hereafter referred to as "financial restructuring plan" in this Article), the debts assumed and paid by the stockholder, etc., of the debts of the domestic corporation shall be included in deductible expenses up to the maximum amount prescribed by Presidential Decree, when calculating the income of such stockholder, etc. in the relevant year. <*Amended on Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023*>

(2) A domestic corporation whose debts have been reduced as a result of the assumption and payment of debts under paragraph (1) (hereafter referred to as "corporation subject to transfer" in this Article) shall exclude the reduced amount of debts (limited to the amount that exceeds the deficit prescribed by Presidential Decree; hereafter referred to as "reduced amount of debts" in this Article) from its gross income during the period of the relevant business year and three business years after the end of the relevant business year, for the purposes of calculating the amount of its income, and shall include the reduced amount of debts in its gross income, in at least equal installments, during the subsequent three business years thereafter.

(3) If any of the following cases, a corporation subject to transfer who is accorded special tax treatment under paragraph (2) shall include, in its gross income, the amount excluded from its gross income at the time of calculating the amount of its income for the business year in which the relevant cause arose, as prescribed by Presidential Decree. In such cases, the corporation subject to transfer shall pay the amount of the corporate tax reduction granted to the stockholders, etc. under paragraph (1) and the additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as "additional amount equivalent to interest" in this paragraph) in addition to corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the debt ratio of the corporation subject to transfer exceeds the standard debt ratio during the period of three years after the assumption and payment of debts;
2. Where the corporation subject to transfer permanently closes the relevant business or is dissolved within three years from the date of assumption and payment of debts, but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business; provided, neither corporate tax reduction granted to the stockholders, etc. under paragraph (1) nor an additional

amount equivalent to interest shall be added, if any of the unavoidable causes prescribed by Presidential Decree exists;

3. Where all stocks or equity shares held by the controlling stockholder, etc. are not transferred to any person, other than the related persons prescribed by Presidential Decree, in accordance with the business restructuring plan;

4. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(4) Where deficits in the assets of a corporation subject to transfer are included in gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act for the transfer and acquisition of a corporation as prescribed in paragraph (1), the corporation subject to transfer shall not withhold income tax on the disposed amount, notwithstanding the Income Tax Act.

(5) Gains obtained by other stockholders, etc. of a domestic corporation as a consequence of the assumption and payment of debts of the domestic corporation under paragraph (1) shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act; provided, the same shall not apply to any related persons prescribed by Presidential Decree, such as the stockholders, etc. who have assumed and paid the debts.

(6) A domestic corporation implementing its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), the scope of debts, scope of controlling stockholders, etc., criteria for deficits in assets, method of reporting such deficits, calculation of the debt ratio and the standard debt ratio, submission of statements on the transfer and acquisition of a corporation, filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

Article 121-28 (Special Taxation for Corporate Tax Following Transfer of Assets of Stockholders)

(1) Where a domestic corporation accepts assets gratuitously conveyed by its stockholder or investor (hereafter referred to as "stockholder, etc." in this Article) as a gift, on or before December 31, 2026, upon fully satisfying the following requirements, the domestic corporation may elect to exclude the value of the assets (limited to the amount that exceeds the deficit prescribed by Presidential Decree) from its gross income for three business years after the end of the relevant business year in which the date of acceptance of such assets falls, for the purposes of calculating the income of the relevant business year, and shall include such value in its gross income, in at least equal installments, during the subsequent three business years thereafter: *<Amended on Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023>*

1. The stockholder, etc. shall convey assets as a gift and the corporation shall pay its debts according to the business restructuring plan prescribed by Presidential Decree (hereafter referred to as "business

restructuring plan" in this Article);

2. The business restructuring plan shall include contents describing that the corporation will use the full amount (if there exists any inevitable cause prescribed by Presidential Decree, referring to using the full amount to pay debts on the day immediately following the date the relevant cause ceases to exist) of money by the deadline prescribed by Presidential Decree within the duration from the date such corporation accepts money to December 31, 2026, and use the full amount of the transfer price of assets, other than money, by the deadline prescribed by Presidential Decree within the duration from the date of such assets are transferred (referring to the date prescribed by Presidential Decree, if such assets are transferred under a long-term installment plan) to December 31, 2026, to pay debts to any financial institution prescribed by Presidential Decree (hereafter referred to as "financial institution" in this Article and Article 121-29).

(2) A stockholder, etc. (limited to a corporation) that has conveyed an asset as a gift under paragraph (1) shall include the amount prescribed by Presidential Decree, out of the value (referring to the book value) of the conveyed asset, in deductible expenses for the purposes of calculating its income for the relevant business year.

(3) Where a stockholder, etc. transfers an asset held by him/her at the time he/she conveys an asset as a gift to a corporation under paragraph (1) and donates the transfer price for that asset to the corporation on or before December 31, 2026, the stockholder is eligible for a full exemption from capital gains tax on an amount equivalent to the donated amount prescribed by Presidential Decree (hereafter referred to as "amount equivalent to gains from transfer" in this Article), out of the gain accruing from the transfer of such asset, or may exclude the same amount from the gross income, as follows: *<Amended on Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

1. Residents: A tax exemption equivalent to 100/100 of the capital gains tax on an amount equivalent to gains from transfer;

2. Domestic corporations: Excluding an amount equivalent to gains from transfer from the gross income when calculating the amount of income for the relevant business year.

(4) In any of the following cases, a corporation that has accepted an asset conveyed as a gift under paragraph (1) shall include the amount excluded from the gross income under paragraph (1), as prescribed by Presidential Decree, when calculating the amount of income for the business year in which the relevant cause arose. In such cases, the corporation shall pay the amount of tax reduction or exemption granted to stockholders, etc. under paragraph (2) or (3) and an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree (hereafter referred to as "additional amount equivalent to interest" in this paragraph) in addition to corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the corporation fails to pay debts according to the business restructuring plan;

2. Where the corporation’s debt ratio exceeds the standard debt ratio during a three-year period after the payment of debts;

3. Where the corporation permanently closes the relevant business or is dissolved within three years from the date of acceptance of the asset conveyed as a gift under paragraph (1), but a corporation prescribed by Presidential Decree, such as a merging corporation, does not succeed to the relevant business; provided, the reduced or exempted amount of tax under paragraph (2) or (3) and the additional amount equivalent to interest shall not be added, if any of the unavoidable causes prescribed by Presidential Decree exists;

4. Where the approval of the business restructuring plan is revoked due to any of the causes prescribed by Presidential Decree.

(5) Gains obtained by other stockholders, etc. of a corporation as the corporation accepts an asset gratuitously conveyed by the stockholders, etc. as a gift under paragraph (1) shall not be deemed a gift in the meaning of the Inheritance Tax and Gift Tax Act; provided, the same shall not apply to the related persons prescribed by Presidential Decree to the stockholders, etc. who have conveyed such asset as a gift.

(6) A domestic corporation implementing its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(7) For the purposes of paragraphs (1) through (6), the time of transfer, calculation of the debt ratio and the standard debt ratio, filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

Article 121-29 (Special Taxation for Gains from Debt Relief of Corporations Implementing Corporate Restructuring Plans)

(1) Where the controlling stockholder or investor of a domestic corporation (hereafter referred to as "exchanged corporation" in this Article) and a related person to such stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) transfer all stocks or equity shares (hereafter referred to as "stocks, etc." in this Article) held by him/her on or before December 31, 2026 in accordance with a business restructuring plan prescribed by Presidential Decree (hereafter referred to as "business restructuring plan" in this Article) and acquires stocks, etc. of any domestic corporation (hereafter referred to as "transferred corporation for exchange" in this Article), other than the related persons prescribed by Presidential Decree to the exchanged corporation, in proportion to the holding ratio by either of the following methods, the imposition of financial investment income tax on an amount equivalent to the gains from the transfer of such stocks, etc. (including the gains accruing to the transferred corporation for exchange and the controlling stockholder, etc. of the transferred corporation for exchange from the transfer) or corporate tax may be deferred until the stocks, etc. so acquired are disposed of (including inheritance or conveyance as a gift), as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

(2) Where a domestic corporation relieved from its debts under paragraph (1), falls under any of the following cases, the full amount excluded from gross income shall be included in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises. In such cases, the domestic corporation shall pay an additional amount equivalent to the interest calculated as prescribed by Presidential Decree (hereafter in this paragraph, referred to as "additional amount equivalent to interest") in addition to corporate tax; and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Where the domestic corporation permanently closes its business or is dissolved before it includes the full amount of the gains from debt relief in gross income, but a corporation prescribed by Presidential Decree, such as the merging corporation, does not succeed to the business; provided, no additional amount equivalent to interest shall be added, in extenuating circumstances prescribed by Presidential Decree, such as bankruptcy;
2. Where the approval of its corporate restructuring plan is revoked due to any of the grounds prescribed by Presidential Decree.

(3) A financial creditor that relieves a person from a debt under paragraph (1) (including a debt relief through a debt-equity swap) shall include the equivalent to the relieved debt in deductible expenses, at the time of calculating the amount of income for the relevant business year. *<Amended on Dec. 20, 2016; Dec. 19, 2017>*

(4) A domestic corporation that implements its business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(5) For the purposes of paragraphs (1) through (4), submitting statements of debt relief; filing applications for tax reduction or exemption; and other necessary matters shall be prescribed by Presidential Decree.

Article 121-30 (Special Taxation for Exchange of Stocks between Enterprises)

(1) Where the controlling stockholder or investor of a domestic corporation (hereafter referred to as "exchanged corporation" in this Article) and a related person to such stockholder or investor (hereafter referred to as "controlling stockholder, etc." in this Article) transfer all stocks or equity shares (hereafter referred to as "stocks, etc." in this Article) held by him/her on or before December 31, 2026 in accordance with a business restructuring plan prescribed by Presidential Decree (hereafter referred to as "business restructuring plan" in this Article) and acquires stocks, etc. of any domestic corporation (hereafter referred to as "transferred corporation for exchange" in this Article), other than the related persons prescribed by Presidential Decree to the exchanged corporation, in proportion to the holding ratio by either of the following methods, the imposition of capital gains tax on an amount equivalent to the gains from the transfer of such stocks, etc. (including the gains accruing to the transferred corporation for exchange and the controlling stockholder, etc. of the transferred corporation for exchange from the transfer) or corporate

tax may be deferred until the stocks, etc. so acquired are disposed of (including inheritance or conveyance as a gift), as prescribed by Presidential Decree. *<Amended on Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023; Dec. 31, 2024>*

1. Acquiring the stocks, etc. held or newly issued by the transferred corporation for exchange;
2. Acquiring all stocks, etc. held by the controlling stockholder, etc. of the transferred corporation for exchange (limited to where the corporate groups (referring to the corporate groups defined under subparagraph 11 of Article 2 of the Monopoly Regulation and Fair Trade Act; the same shall apply hereafter in this Article) to which the exchanged corporation and the transferred corporation for exchange belong are different from one another).

(2) Where deficits in the assets found in the course of transfer and acquisition of the exchanged corporation under paragraph (1) 2 are added to the gross income and are disposed of pursuant to Article 67 of the Corporate Tax Act, the exchanged corporation shall not withhold income tax on the amount of disposal, notwithstanding the Income Tax Act.

(3) Where a stockholder, etc. who has transferred stocks, etc. of the exchanged corporation under paragraph (1) 2 falls under any of the following cases, the stockholder, etc. as a resident shall pay the amount of tax unpaid within two months from the end of the half-year term in which the relevant cause has arisen, and the stockholder, etc. as a domestic corporation shall include the amount included in deductible expenses in gross income at the time of calculating the amount of income for the business year in which the relevant cause has arisen. In such cases, an additional amount equivalent to the interest calculated by the formula prescribed by Presidential Decree shall be paid in addition to the capital gains tax or corporate tax, and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act or Article 111 of the Income Tax Act: *<Amended on Dec. 19, 2017; Dec. 28, 2021; Dec. 31, 2024>*

1. Where a corporation engaging in the same type of business as that of the exchanged corporation becomes affiliated with the corporate group with which the exchanged corporation was affiliated, within five years after the end of the business year in which stocks, etc. were transferred;
2. Where the controlling stockholder, etc. re-hold stocks, etc. of the exchanged corporation again within five years after the end of the business year in which stocks, etc. were transferred;
3. Where the approval of its corporate restructuring plan is revoked due to any of the grounds prescribed by Presidential Decree.

(4) Where a domestic corporation exchanges all stocks, etc. it acquired through the spin-off defined under Article 47 of the Corporate Tax Act or an investment in kind under Article 47-2 of that Act with the stocks, etc. of any other corporation pursuant to paragraph (1), the tax-deferred amount as included in deductible expenses and equivalent to the gains from transfer of assets as at the time of the investment in kind or spin-off may be re-deferred, as prescribed by Presidential Decree.

(5) A domestic corporation implementing a business restructuring plan shall submit the details of the business restructuring plan and a report on the outcomes of implementation of the plan annually to the

head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (1) through (5), the scope of controlling stockholders, etc., methods of transfer and acquisition of stocks, etc., calculation of gains from transfer eligible for inclusion in deductible expenses, submission of statements on the transfer and acquisition of stocks, etc., filing of applications for tax reduction or exemption, and other necessary matters shall be prescribed by Presidential Decree.

Article 121-31 (Special Taxation for Transfer of Redundant Assets following Merger)

(1) Where any assets become redundant in the course of a merger (including a division and merger, but limited to a merger of corporations engaging in the same type of business) between domestic corporations by not later than December 31, 2026 in accordance with a corporate restructuring plan prescribed by Presidential Decree (hereafter in this Article, referred to as "corporate restructuring plan"), and the merging corporation transfers the redundant assets within one year from the date the merger is registered, the merging corporation may exclude the amount calculated as prescribed by Presidential Decree, out of the gains from the transfer of such redundant assets (including gains on the valuation of such redundant assets upon the merger, or gains on the valuation of such redundant assets upon the division), from gross income, for the purposes of calculating the amount of income for the relevant business year. In such cases, the relevant amount shall be included in gross income, in at least equal installments, for three business years starting from the business year falling on the third anniversary from the end of the business year in which such assets are transferred. <*Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2023*>

(2) In any of the following cases, a domestic corporation accorded special tax treatment under paragraph (1) shall include the amount of tax calculated as prescribed by Presidential Decree, in gross income, at the time of calculating the amount of income for the business year in which the relevant ground arises. In such cases, the domestic corporation shall pay an additional amount equivalent to the interest calculated as prescribed by Presidential Decree in addition to corporate tax; and the relevant amount of tax shall be deemed the amount of tax payable under Article 64 of the Corporate Tax Act:

1. Deleted. <*Dec. 20, 2016*>
2. Where the domestic corporation permanently closes the relevant business or is dissolved within three years from the date the merger is registered;
3. Where the approval of its corporate restructuring plan is revoked due to any of the grounds prescribed by Presidential Decree.

(3) A domestic corporation implementing a corporate restructuring plan shall annually submit the details of the corporate restructuring plan and a report on the outcomes of implementation of the plan, to the head of the tax office having jurisdiction over the place of tax payment, as prescribed by Presidential Decree.

(4) For the purposes of paragraph (1), the scope of redundant assets; submitting statements of proceeds from transfer; and other necessary matters shall be prescribed by Presidential Decree. <*Amended on Dec. 20,*

2016>

Article 121-32 (Special Cases concerning Distribution Ratio of Stocks upon Merger under Corporate Restructuring Plan)

Where domestic corporations are merged (including a division and merger), by not later than December 31, 2021, under a corporate restructuring plan approved by the head of the competent ministry or agency pursuant to Article 10 of the Special Act on the Corporate Revitalization, "80/100" shall be construed as "70/100" for the purposes of Articles 44 (2) 2 and 46 (2) 2 of the Corporate Tax Act. *<Amended on Dec. 24, 2018>*

Chapter V-11 Tax Incentives to support Opportunity Development Zones

Article 121-33 (Reduction or exemption of corporate tax for enterprises incorporated in opportunity development special zone)

(1) Where an enterprise starts its business or establishes a new place of business (excluding cases where an existing place of business is relocated, and limited to cases where an enterprise starts its business or establishes a new place of business during the period in which a special opportunity development zone is designated) with the type of business prescribed by Presidential Decree, such as manufacturing (hereafter in this Article, referred to as "business eligible for tax reduction or exemption") in a special opportunity development zone by not later than December 31, 2026, the enterprise is entitled to a reduction or exemption of income tax or corporate tax pursuant to paragraphs (2) through (8).

(2) An enterprise under paragraph (1) is entitled to full exemption from income tax or corporate tax on the income accrued from the business eligible for tax reduction or exemption until the taxable year ending within five years from the commencement date of the taxable year in which income accrues first from the relevant business (or, if no income accrues from the relevant business until the taxable year in which the fifth anniversary of the commencement date of the relevant business falls, referring to the taxable year in which the fifth anniversary falls) and also entitled to reduction of a tax amount equivalent to 50/100 of income tax or corporate tax until the taxable year ending within two years thereafter.

(3) The total amount of income tax or corporate tax reduced or exempted for the period of reduction or exemption to which paragraph (2) applies shall not exceed the aggregate of the amounts prescribed in subparagraphs 1 and 2 (hereafter in this Article, referred to as "reduction or exemption ceiling"):

1. 50/100 of cumulative investments prescribed by Presidential Decree;

2. The number of full-time employees of the place of business that becomes eligible for the application of paragraph (1) in the relevant taxable year (hereafter in this Article, referred to as "place of business eligible for tax reduction or exemption ") x 15 million won (or 20 million won in cases of a full-time youth employee, and a full-time employee of a place of business eligible for tax reduction or exemption which engages in any service business prescribed by Presidential Decree (hereafter in this Article, referred to as "service business ")).

(4) When applying the reduction or exemption ceiling to income tax or corporate tax to be reduced or exempted each taxable year under paragraph (2), an amount referred to in paragraph (3) 1 shall be first applied, and then an amount referred to in paragraph (3) 2 shall be applied.

(5) Where the number of full-time employees of the place of business eligible for tax reduction or exemption each taxable year during the period until the end of the taxable year falling on the second anniversary from the end of the taxable year in which a tax reduction or exemption was granted, has decreased as compared with the number of full-time employees in the taxable year in which a tax reduction or exemption was granted, the person granted a reduction or exemption of income tax or corporate tax under paragraph (3) 2 shall pay the equivalent to the amount of tax reduced or exempted, as income tax or corporate tax, as prescribed by Presidential Decree.

(6) For the purposes of paragraphs (3) and (5), the scopes of full-time employees and full-time youth employees, methods for calculating the number of full-time employees, and other necessary matters shall be prescribed by Presidential Decree.

(7) For the purpose of paragraph (1), Article 6 (10) shall apply mutatis mutandis to the scope of starting a business.

(8) If an enterprise granted a tax reduction or exemption of income tax or corporate tax under paragraph (2) falls under any of the following subparagraphs, it shall pay an amount calculated as prescribed by Presidential Decree as income tax or corporate tax at the time of filing a tax return on the tax base for the taxable year in which the relevant event occurred. In such cases, the provisions of Article 12-2 (8) concerning an additional amount equivalent to interest shall apply mutatis mutandis:

1. Where the enterprise closes its business in the place of business granted a tax reduction or exemption or the enterprise as a corporation is dissolved; provided, the cases where such closure or dissolution is a consequence of a merger, division, or merger through division of the corporation shall be excluded herefrom;

2. Where the enterprise has relocated the place of business granted tax reduction or exemption to any area not designated as a special opportunity development zone.

(9) Any person who wishes to be granted a tax reduction or exemption under paragraph (2) shall file an application therefor, as prescribed by Presidential Decree.

(10) A person to whom the ceiling on a service business applies pursuant to paragraph (3) 2 shall keep separate accounting for the service business and for other businesses, applying mutatis mutandis Article 143.

Article 121-34 (Special taxation on enterprises relocating to special opportunity development zone)

(1) If a Korean who has been in business continuously for more than three years (two years for small and medium-sized enterprises) in the metropolitan area transfers business real estate (hereinafter referred to in this Article as "former business real estate") in the metropolitan area to relocate to an Opportunity Development Zone by December 31, 2026, the amount of capital gains from the transfer of the former

business real estate calculated in accordance with the presidential decree (hereinafter referred to in this Article as "capital gains equivalent") shall not be added to the profit or may be tax deferred on capital gains tax according to the following methods.

1. A corporation: A method in which the amount equivalent to the gains on transfer is not included in gross income when calculating the amount of income for the relevant business year. In such cases, the relevant amount shall be included in gross income when calculating the amount of income for the business year in which the date of disposition of real estate for business in the special opportunity development zone (hereafter referred to as "real estate for new business" in this Article) belongs;

2. A resident: A method in which the capital gains tax on the amount equivalent to the gains on transfer is not regarded as capital gains tax payable by the deadline for the final return on the tax base of capital gains tax for the relevant year in which the transfer date belongs. In such cases, the relevant tax amount shall be paid in the relevant year in which the date of disposition of the real estate for new business belongs.

(2) The relocation to a special opportunity development zone eligible under paragraph (1) shall be either of the following cases:

1. Where the former real estate for business is transferred within two years from the date on which the business commences by acquiring real estate for new business;

2. Where a business commences by acquiring the real estate for a new business within 3 years from the date on which the former real estate is transferred.

(3) Where a national accorded special tax treatment under paragraph (1) falls under any of the following subparagraphs, the national shall either include the amount calculated by the formula prescribed by Presidential Decree in the gross income at the time of calculating the income for the business year in which the date of occurrence of such cause falls, or pay the amount as capital gains tax. In such cases, the latter part of Article 33 (3) shall apply mutatis mutandis to the amount to be included in the gross income or the amount of tax payable.

1. Where the business is abolished or a juristic person is dissolved within three years from the date on which he or she commences the business by acquiring real estate for new business;

2. Where he or she fails to relocate real estate for business to a special opportunity development zone pursuant to paragraph (2);

3. If it is recognized that the business has not been transferred as prescribed by Presidential Decree.

(4) In applying paragraphs (1) through (3), the calculation of the amount equivalent to the gains on transfer and the method of inclusion thereof, the standards for judgment on the discontinuation of business, etc., submission of the statements of gains on transfer and other necessary matters shall be prescribed by Presidential Decree.

Article 121-35 (Special taxation on investors in special opportunity development zone)

(1) With regard to interest income or dividend income (limited to those paid within 10 years from the date of subscription to the dedicated account) accrued to a resident who opens a dedicated account pursuant to paragraph (2) by December 31, 2026 by investing in a collective investment scheme and others meeting all of the following requirements (hereafter in this Article, referred to as a "collective investment scheme in special opportunistic zone"), the tax rate of 9/100 shall apply, notwithstanding Article 129 of the Income Tax Act, and such income shall not be included in the global income tax base under Articles 14 (2) of that Act: <*Amended on Dec. 31, 2024*>

1. That the kinds of the collective investment scheme, etc. are prescribed by Presidential Decree;
2. That the investment shall be made in the infrastructure and occupant enterprises in the special economic development zones, which are investment targets prescribed by Presidential Decree, in the proportion prescribed by Presidential Decree that is at least 60/100 of collective investment assets.

(2) The special taxation under paragraph (1) shall apply where an investment is made through an account that meets all the following requirements (hereafter in this Article, referred to as "dedicated account"):

1. That one person is allowed to open only one dedicated account;
2. That the maximum limit for deposit is 300 million won;
3. It shall invest only in equity securities or beneficiary certificates of a collective investment scheme for special opportunity development zones.

(3) Other necessary matters, including specific requirements for the collective investment scheme of special economic development zone and dedicated accounts, the method of calculating invested amounts, and the verification of dedicated accounts shall be prescribed by Presidential Decree.

(4) A financial company or other entity that manages a dedicated account shall, if a person who has invested in a collective investment scheme for a special opportunity development zone (hereafter referred to as an "investor") terminates the account before the tenth anniversary of the date of subscription (except in cases where the account is terminated due to unavoidable reasons prescribed by the Presidential Decree, such as the death or emigration of the investor), collect the amount of tax equivalent to the income tax to which the tax exemption was applied in accordance with Article 146-2.

(5) Where an investor withdraws the amount paid before the 10th anniversary from the date of subscription (excluding the case where the amount exceeds the total amount of the paid amount and the excess amount is withdrawn), paragraph 4 shall apply deeming the account is closed on the relevant withdrawal date.

CHAPTER VI OTHER SPECIAL TAXATION

SECTION 1 Special Taxation for Legalization of Tax Base

Article 122 Deleted. <*Dec. 27, 2010*>

Article 122-2 Deleted. *<Dec. 31, 2007>*

Article 122-3 (Deduction of Medical Expenses for Compliant Business Operators)

(1) Where a compliant business operator (limited to business operators who have business income) referred to in Article 59-4 (9) of the Income Tax Act who fully meets the following requirements (hereafter referred to as "compliant business operator" in this Article), or a business operator subject to confirmation of compliant filing under Article 70-2 (1) of the Income Tax Act who has submitted a certificate of confirmation of compliant filing, disburses medical expenses and educational expenses under Article 59-4 (2) and (3) (excluding Article 59-4 (3) 2 (c)) of the Income Tax Act), by not later than the taxable year in which December 31, 2026 falls, the compliant business operator or the business operator subject to confirmation of compliant filing is entitled to deduction of an amount equivalent to 15/100 (or 20/100 in cases of medical expenses under Article 59-4 (2) 3 of the Income Tax Act or 30/100 in cases of expenses disbursed for infertility treatment under subparagraph 4 of that paragraph) of such disbursed amount (hereafter referred to as "amount of tax credits, including medical expenses" in this Article) from the amount of income tax (applicable only to the income tax on business income; the same shall apply hereafter in this paragraph) for the relevant taxable year: *<Amended on Dec. 27, 2010; May 19, 2011; Jan. 1, 2013; Aug. 13, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. Deleted. *<Dec. 19, 2017>*
2. The amount declared in the return as revenue for the relevant taxable period shall exceed 50/100 of the annual average amount of revenue during the three immediately preceding taxable periods (if the taxable periods are less than three taxable periods, referring to the annual average amount of revenue during the taxable period in which the commencement date of the business belongs and the immediately preceding taxable period); provided, the same shall not apply where the revenue has increased due to a cause prescribed by Presidential Decree, such as the relocation of a place of business or change of the type of business;
3. The business operator shall have engaged in the business for at least two consecutive years as at the first day of the relevant taxable period;
4. The business operator shall meet the requirements prescribed by Presidential Decree, considering the past records of default on national taxes, punishment for tax evasion, breaches of the duty to issue and receive tax invoices, account statements, etc., and omission of income amount.

(2) Deductible medical expenses under paragraph (1) shall be calculated by applying mutatis mutandis Article 59-4 (2) of the Income Tax Act. In such cases, "amount of gross pay" in Article 59-4 (2) 1 and 2 of the Income Tax Act shall be construed as "amount of business income." *<Amended on Jan. 1, 2014>*

(3) Where a compliant business operator whose global income added to the tax base of global income for the relevant taxable year is not more than 70 million won or a business operator subject to confirmation of

compliant filing referred to in Article 70-2 (1) of the Income Tax Act, who has submitted a certificate of confirmation of compliant filing, pays monthly rents defined under Article 95-2 of the Income Tax Act until the taxable year in which December 31, 2026 falls, the compliant business operator is entitled to deduction of an amount equivalent to 15/100 (or 17/100 in cases of a compliant business operator whose global income added to the tax base of global income for the relevant taxable year is not more than 45 million won, or a business operator subject to confirmation of compliant filing referred to in Article 70-2 (1) of the Income Tax Act, who has submitted a certificate of confirmation of compliant filing) of the monthly rents paid (hereafter referred to as "tax credit for monthly rents" in this Article) from the income tax for the relevant taxable year: Provided, That if the relevant monthly rent exceeds 10 million won, the amount in excess shall be deemed not to exist. *<Amended on Dec. 23, 2014; Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023>*

(4) If the sum of the tax credit for medical expenses and the tax credit for monthly rents exceeds the income tax of a business operator for the relevant tax year, the excess amount shall be deemed nil. *<Added on Dec. 23, 2014>*

(5) Where the amount of business income underreported by a business entity to whom paragraph (1) or (3) has been applied for the relevant taxable period is not less than 10/100 (20/100 for a sincere business entity) of the amount of business income corrected (including cases where a revised return is filed), the total amount of tax equivalent to the deducted amount shall be collected as a penalty. *<Amended on Dec. 31, 2024>*

(6) A business operator on whom tax has been levied additionally under paragraph (5) is not entitled to the deductions under paragraph (1) or (3) for three taxable periods from the taxable period immediately following the taxable period in which such tax has been additionally levied. *<Amended on Jan. 1, 2014; Dec. 23, 2014>*

(7) Except as otherwise expressly provided for in paragraphs (1) through (6), the criteria for determining whether a business operator meets the requirements of the items of paragraph (1) 1, the procedure for filing applications for deduction, and other necessary matters shall be prescribed by Presidential Decree. *<Amended on Jan. 1, 2014; Dec. 23, 2014>*

Article 122-4 (Tax Credits for Increased Revenue of Gold Business Operators and Business Operators of Scrap)

(1) Where the gross income or deductible expenses for each place of business (hereafter in this paragraph, referred to as "gross income or deductible expenses") registered by a gold business operator (limited to a business operator who intends to supply, or to be supplied with, the products referred to in Article 106-4 (1) 3, or a business operator who intends to import such products) or a business operator of scrap, etc., at the time such operator files a tax return for the relevant year, respectively, includes the gross income or deductible expenses received or paid through his or her gold trading account or account for trading scrap, etc. pursuant to Article 106-4 or 106-9 (hereafter in this paragraph, referred to as "gross income or

deductible expenses received or paid by a purchaser"), the business operator is entitled to a tax credit falling under any of the following subparagraphs, on income tax or corporate tax for the relevant taxable year until the taxable years that end on or before December 31, 2023. In such cases, no tax credit shall exceed the amount calculated by deducting the amount of global income or corporate tax calculated for the immediately preceding taxable year, from the amount of global income or corporate tax calculated for the relevant taxable year: *<Amended on Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 28, 2021>*

1. If the total amount of gross income and deductible expenses paid by the purchaser declared in his or her tax return for each place of business, exceeds the total amount of gross income and deductible expenses paid by the purchaser for the immediately preceding year: An amount calculated by multiplying the ratio of the equivalent to 50/100 of such excess (which shall not exceed the total of the increased amount of gross income and deductible expenses for each place of business) to the total amount of gross income and deductible expenses, by the amount of global income or corporate tax calculated. In such cases, where the total amount of gross income and deductible expenses paid by the purchaser, does not exist for the immediately preceding taxable year, the total amount of gross income and deductible expenses for the immediately preceding year shall be deemed the total amount of gross income and deductible expenses paid by the purchaser for the immediately preceding year;

2. An amount calculated by multiplying the ratio of the equivalent to 5/100 of the total amount of gross income and deductible expenses paid by the purchaser declared in his or her tax return for each place of business to the total amount of gross income and deductible expenses, by the amount of global income or corporate tax calculated.

(2) For the purposes of paragraph (1), methods for calculating the amount of tax credits and other necessary matters shall be prescribed by Presidential Decree.

(3) Any person who intends to be granted a tax credit paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 123 Deleted. *<Dec. 11, 2002>*

Article 124 Deleted. *<Dec. 29, 2000>*

Article 125 Deleted. *<Dec. 11, 2002>*

Article 126 Deleted. *<Dec. 29, 2000>*

Article 126-2 (Income Deduction for Amount Spent on Credit Cards)

(1) Where an annual aggregate (excluding any amount spent overseas; hereafter in this Article, the same shall apply) of the following amounts (hereafter in this Article, referred to as "amount spent on credit cards, etc.") spent by a resident who has earned income (excluding daily employed workers; hereafter in

this Article, the same shall apply) for goods or services he or she is supplied with by not later than December 31, 2025 from a corporation (including a foreign corporation's place of business in the Republic of Korea) or from a business operator referred to in Article 1-2 (1) 5 of the Income Tax Act (including a non-resident's place of business in the Republic of Korea), exceeds 25/100 (hereafter in this Article, referred to as "minimum amount used") of his or her gross pay for the relevant taxable year under Article 20 (2) of that Act, the resident is entitled to deduct an amount (hereafter in this Article, referred to as "income deduction for credit cards, etc.") calculated by the formula specified in paragraph (2), from the amount of his or her earned income for the relevant taxable year: *<Amended on Dec. 31, 2011; Dec. 23, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 31, 2019; Mar. 16, 2021; Dec. 31, 2022>*

1. Amount paid for goods or services using a credit card defined in Article 2 of the Specialized Credit Finance Business Act;
2. Amount stated in a cash receipt issued under Article 126-3 (including cash transactions confirmed pursuant to Article 126-5; hereafter in this Article, referred to as "cash receipt");
3. Deleted. *<Jan. 1, 2013>*
4. Amount paid for goods or services using a debit card or prepaid card (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered prepaid card") defined in Article 2 of the Specialized Credit Finance Business Act, or an electronic debit payment instrument, an electronic prepaid instrument (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered electronic prepaid instrument"), or electronic cash (limited to those, the identity of holder of which is verifiable, as prescribed by Presidential Decree; hereafter in this Article, referred to as "registered electronic cash") defined in Article 2 of the Electronic Financial Transactions Act.

(2) The amount of income deduction for credit cards, etc. shall be determined by subtracting the amount of subparagraph 6 from, and adding the amount of subparagraph 7 to (limited to the cases of calculating the amount of income deduction for credit cards, etc. for the taxable year of 2024), the aggregate of the amounts of subparagraphs 1 through 5 (or from the aggregate of the amounts of subparagraph 1, 2, 4 and 5, if the gross pay for the relevant taxable year exceeds 70 million won), but shall not exceed the amount calculated under paragraph (10). If the amount spent on credit cards, etc. consists of the amounts referred to in two or more of subparagraphs 1, 2, and 3 in such cases, the amount shall be deemed to consist of any of the amounts for the purpose of applying the income deduction: *<Amended on Dec. 31, 2011; Jan. 1, 2013; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Mar. 23, 2020; May 19, 2020; Mar. 16, 2021; Dec. 31, 2022, Apr. 11, 2023; Dec. 31, 2023; Dec. 31, 2024>*

1. The aggregate of the amounts referred to in paragraph (1) 1, 2, and 4, which are paid for goods or services provided by a corporation or business operator (excluding a corporation or business operator prescribed by Presidential Decree) within traditional markets defined in subparagraph 1 of Article 2 of the Special Act on the Development of Traditional Markets and Shopping Districts and traditional market zones prescribed by Presidential Decree (hereafter in this paragraph, referred to as "amount

spent in traditional markets") × 40/100 (50/100 in the case of the portion used in the traditional market from April 1, 2023 to December 31, 2023);

2. The aggregate of the amounts referred to in paragraph (1) 1, 2 and 4, which are paid as the cost for using the mass transit defined in the Act on the Support and Promotion of Use of Public Transportation (hereafter in this paragraph, referred to as "amount spent for public transportation") × 40/100 (or 80/100 in cases of an amount spent for public transportation from January 1, 2023 to December 31, 2023);

3. Any of the following amounts (hereafter referred to as "cultural and sports use" in this paragraph) x 30/100 (40/100 for cultural and sports use from April 1, 2023 to December 31, 2023):

(a) Amount spent to purchase books defined in subparagraph 3 of Article 2 of the Publishing Industry Promotion Act (excluding any harmful publications defined in subparagraph 8 of Article 2 of that Act), to subscribe to a newspaper defined in subparagraph 1 of Article 2 of the Act on the Promotion of Newspapers, or to watch public performances defined in subparagraph 1 of Article 2 of the Public Performance Acts (hereinafter referred to as "amount spent for books, newspapers, and public performances"). In such cases, the methods, etc. for recognizing the amount spent for books, newspapers, and public performances, based on the scale (which shall be determined in accordance with the standards for sales amount, etc. determined by the Minister of Culture, Sports and Tourism in consultation with the Minister of Economy and Finance) of a corporation or business operator shall be prescribed by Presidential Decree;

(b) Amount paid to corporations or business operators designated by the Minister of Culture, Sports and Tourism to enter museums and art galleries defined in subparagraphs 1 and 2 of Article 2 of the Museum and Art Gallery Support Act or movie theaters defined in subparagraph 10 of Article 2 of the Promotion of the Motion Pictures and Video Products Act (hereinafter referred to as "amount spent to enter museums, art galleries, or movie theaters"). In such cases, matters necessary for the method for recognizing an amount spent to enter museums, art galleries, or movie theaters in consideration the size of a corporation or business operator (according to the criteria determined by the Minister of Culture, Sports and Tourism in consultation with the Minister of Economy and Finance), etc. shall be prescribed by Presidential Decree;

(c) Amount paid to a corporation or business operator designated by the Minister of Culture, Sports and Tourism to use sports facilities prescribed by Presidential Decree (hereafter referred to as "use of sports facilities" in this item). In such cases, necessary matters concerning the specific scope, etc. of the use of sports facilities shall be prescribed by Presidential Decree;

4. Amounts referred to in paragraph (1) 2 and 4 (excluding the amount included in the amounts spent in traditional markets, for public transportation, and for the use of culture and sports, where the gross pay for the relevant taxable year does not exceed 70 million won; and excluding the amount included in the amount spent in traditional markets and the amount spent for mass transit, where the gross pay exceed 70 million won; hereafter in this paragraph, referred to as "amount spent on debit cards, etc.") × 30/100;

5. The aggregate of the amounts spent on credit cards, etc. less the amount spent in traditional markets, the amount spent for mass transit, and the amount spent on debit cards, etc. (referring to the amount calculated by additionally subtracting the amount spent for the use of culture and sports, where the gross pay for the relevant taxable year does not exceed 70 million won; hereafter in this paragraph, referred to as "amount spent on credit cards") × 15/100;

6. Either of the following amounts; provided, the amount of income deduction for credit cards, etc. for the amount spent on credit cards, etc. from January 1, 2023 to December 31, 2023 shall the amount calculated in accordance with the Appendix.

(a) Where the minimum amount used is less than or same as the amount spent on credit cards: Minimum amount used × 15/100;

(b) Where the minimum amount used exceeds the amount spent on credit cards and is less than or the same as the aggregate of the amount spent on credit cards and the amount spent on debit card, etc. (referring to the amount calculated by additionally adding the amount spent for the use of culture and sports, where the gross pay for the relevant taxable year does not exceed 70 million won): Amount spent on credit cards × 15/100 + (Minimum amount used - amount spent on credit cards) × 30/100;

(c) Where the minimum amount used exceeds the aggregate of the amount spent on credit cards and the amount spent on debit card, etc.: Either of the following amounts:

(d) Deleted; *<Dec. 31, 2023>*

7. The annual aggregate of credit card spending amount for the period from January 1, 2024 to December 31, 2024, subtracting an amount equal to 105/100 of the annual aggregate of credit card spending for the period from January 1, 2023 to December 31, 2023 (if it is less than zero, it is deemed to be zero) × 10/100.

8. Deleted. *<Apr. 11, 2023>*

(3) For the purposes of paragraph (1), the amount spent on credit cards, etc. by the spouse or lineal ascendants or descendants (including the spouse's lineal ascendants) of a resident who has earned income, being a person prescribed by Presidential Decree, may be added to the income deduction for credit cards, etc. of the resident. *<Amended on Dec. 15, 2015; Dec. 20, 2016>*

(4) If any of the following applies to the amount spent on credit cards, etc., such amount shall not be added to the amount spent on credit cards, etc. for the purposes of paragraph (1); provided, in cases falling under subparagraph 3, if a used motor vehicle prescribed by Presidential Decree is purchased using a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt, the amount prescribed by Presidential Decree, among the purchase price of the used motor vehicle shall be included in the amount spent on credit cards, etc.: *<Amended on Dec. 20, 2016>*

1. Where such amount is disbursed as expenses relating to business income, or expenses of a corporation;

2. Where such amount is disbursed through the fraudulent use of a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt prescribed by Presidential Decree, such as feigning sale of goods or supply of services;

3. Where a motor vehicle is purchased using a credit card, a debit card, an electronic debit payment instrument, a registered prepaid card, a registered electronic prepaid instrument, registered electronic cash, or a cash receipt;

4. Other cases prescribed by Presidential Decree.

(5) For the purposes of paragraph (4) 2, where the withholding agent referred to in Article 127 (7) of the Income Tax Act pays the amount of tax short of the amount of tax to be withheld at source due to grounds prescribed by Presidential Decree, no additional tax calculated under Article 47-5 (1) of the Framework Act on National Taxes shall be levied. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Dec. 29, 2020; Dec. 31, 2024>*

(6) The Commissioner of the National Tax Service may order credit card companies defined in Article 2 of the Specialized Credit Finance Business Act, electronic finance business entities and subsidiary electronic finance business entities defined in Article 2 of the Electronic Financial Transactions Act, to engage in activities necessary for income deductions for the amount spend on credit cards, etc., such as giving written notice of amounts used on credit cards, etc.

(7) Any person who intends to be granted an income deduction under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

(8) The amount spent on credit cards, etc. shall be the aggregate of the amounts used, recorded, or paid during the pertinent taxable period.

(9) Methods for verifying the amount spent on credit cards, etc. deductible from income; procedures for collecting data related to income deduction; and other matters necessary for income deduction for the amounts spent on credit cards, etc. shall be prescribed by Presidential Decree. *<Amended on Dec. 31, 2011>*

(10) The amount of income deduction for credit cards, etc. under paragraph (2) shall not exceed 2.5 million won per year (or 3 million won per year if the gross pay for the relevant taxable year does not exceed 70 million won); provided, if the amount of income deduction for credit cards, etc. exceeds the maximum amount specified in the main clause, whichever is smaller or equal between the amount in excess of the maximum amount or the aggregate of the amounts under the following subparagraphs shall be added to the amount of income deduction for credit cards, etc. *<Added on Dec. 20, 2016; Dec. 19, 2017; Dec. 29, 2020; Mar. 16, 2021; Dec. 31, 2022; Dec. 31, 2023>*

1. The sum of the amounts specified in subparagraphs 1 and 2 of paragraph 2 (limited to 2 million won per year, but if the total salary for the relevant taxable year is 7 million won or less, the amount in subparagraph 3 of the same paragraph shall be added not to exceed 3 million won per year);

2. The amount referred to in subparagraph 7 (limited to one million won per year).

(11) Deleted; *<Apr. 11, 2023>*

Article 126-3 (Special Taxation for Cash Receipt Service Operators and Cash Receipt Merchants)

(1) A cash receipt service operator who has obtained approval for providing cash receipt service from the Commissioner of the National Tax Service, as prescribed by Presidential Decree, being a business operator equipped with the system capable of approving and transmitting cash receipt settlement by wire (hereafter in this Article, referred to as "cash receipt service operator"), may be offered a tax deduction from the amount of the value-added tax to be paid for the relevant taxable period, or may receive as an amount added to the refunded amount of tax, up to the amount prescribed by Presidential Decree, based on the number of cash receipt account settlement of the operators who have cash receipt-issuing machines connected with credit card terminals, etc. (hereafter in this Article, referred to as "cash receipt merchant"), and on the number of payment statements submitted in the manner provided for in the latter part of Article 164 (3) of the Income Tax Act. *<Amended on Dec. 19, 2017; Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

(2) A cash receipt merchant referred to in paragraph (1) who issues cash receipts defined in paragraph (4) on or before December 31, 2025 (limited to cash receipts for less than 5,000 won for each transaction, and referring to cash receipts approved for issuance through the telephone network) shall be entitled to tax credits equivalent to an amount calculated by multiplying the number of cash receipts issued during the pertinent taxable period by the amount prescribed by Presidential Decree (hereafter in this Article, referred to as "tax credit amount") for the amount of income tax calculated for the pertinent taxable period. In such cases, no tax credit amount shall exceed the amount of tax calculated. *<Amended on Dec. 27, 2010; Jan. 1, 2014; Dec. 31, 2022>*

(3) A cash receipt service operator shall forward the Commissioner of the National Tax Service the details of cash settlement, such as the date, time, and amount of trading, the identity of the traders, and the personal information on cash receipt merchants, as prescribed by Presidential Decree.

(4) "Cash receipt" in paragraph (1), means a receipt, which, in cases of cash settlement, a cash receipt merchant issues a person supplied with goods or services by means of cash receipt-issuing machines in exchange for the supply of such goods or services, stating the details of the settlement, such as the date, time, amount, etc. of the trading.

(5) If necessary to give tax deductions to persons receiving cash receipts or otherwise to operate the cash receipt system, the Commissioner of the National Tax Service may request the providers and users of credit information defined in Article 2 of the Credit Information Use and Protection Act to furnish their names, resident registration numbers, and other information prescribed by Presidential Decree, under Article 23 of that Act. *<Amended on Dec. 20, 2016>*

(6) The methods for issuing cash receipts; the cash receipt form; methods and procedures for granting tax credits under paragraph (2); and other necessary matters for operating the cash receipt system shall be prescribed by Presidential Decree.

Article 126-4 Deleted. *<Dec. 20, 2016>*

Article 126-5 (Confirmation of Cash Transactions)

(1) Where a person supplied with goods or services by a business operator prescribed by Presidential Decree fails to be issued a Cash Receipt referred to in Article 126-3 (4) in spite of the cash settlement of the price thereof, he or she shall be deemed issued a Cash Receipt in accordance with Article 126-3 (4) where obtaining the confirmation of such cash transaction from the head of the competent tax office, as prescribed by Presidential Decree. *<Amended on Dec. 19, 2017>*

(2) Where a Cash Receipt is deemed issued in accordance with paragraph (1), the relevant amount shall not be subject to the tax credit for the use of credit card, etc. pursuant to Article 46 (1) and (2) of the Value-Added Tax Act with respect to the business operator who has failed to issue such Cash Receipt. *<Amended on Jun. 7, 2013>*

(3) Except as otherwise expressly provided for in paragraphs (1) and (2), the report of cash transaction, the methods of the confirmation thereof, and other necessary matters shall be prescribed by Presidential Decree.

Article 126-6 (Tax Credits for Expenses Incurred in Verifying Compliant Filing)

(1) Where a business operator subject to verification of compliant filing pursuant to Article 70-2 (1) of the Income Tax Act or a domestic corporation subject to verification of compliant filing pursuant to Article 60-2 (1) of the Corporate Tax Act (hereafter in this Article, referred to as "person subject to verification of compliant filing") submits a certificate of confirmation of compliant filing (including cases where a business operator subject to verification of compliant filing pursuant to Article 70-2 (1) of the Income Tax Act who engages in at least two business types submits certificates of confirmation of compliant filing only for some of such business types), the business operator is entitled to deduct an amount equivalent to 60/100 of the expenses directly incurred in verifying his or her compliant filing from income tax (applicable only to income tax on business income (including income from a real estate leasing business under Article 45 (2) of the Income Tax Act)) or corporate tax of the relevant taxable year; provided, a ceiling on the deductible tax amount shall be prescribed by Presidential Decree within 1,200,000 won (or 1,500,000 won in cases of a domestic corporation subject to verification of compliant filing pursuant to Article 60-2 (1) of the Corporate Tax Act). *<Amended on Dec. 19, 2017>*

(2) Where a person subject to verification of compliant filing granted a tax deduction under paragraph (1) understates the amount of business income in the relevant taxable year (referring to the tax base under Article 13 of the Corporate Tax Act, in cases of a corporation; hereafter in this Article, referred to as "amount of business income, etc.") and the amount of the understated amount of business income, etc. is at least 10/100 of the amount of the corrected business income, etc. (including cases of a correction by filing a revised return), the full amount of the tax deducted under paragraph (1) shall be additionally collected.

<Amended on Dec. 19, 2017>

(3) A person subject to verification of compliant filing whose business income, etc. is corrected under paragraph (2) shall not be entitled to tax credits for expenses incurred in verifying compliant filing for three taxable years from the taxable year immediately following the taxable year in which business income is corrected. *<Amended on Dec. 23, 2014; Dec. 19,. 2017>*

(4) A person who intends to obtain a tax credit under paragraph (1) shall file an application therefor, as prescribed by Presidential Decree.

Article 126-7 (Special Taxation for Gold Bullion Traded in Spot Gold Markets)

(1) No value-added tax shall be levied on the supply of any of the following gold bullion prescribed by Presidential Decree (hereafter referred to as "gold bullion" in this Article):

1. Gold bullion first supplied by a gold bullion supplier prescribed by Presidential Decree (hereafter referred to as "gold bullion supplier" in this Article) through transactions in the spot gold market (hereafter referred to as "spot gold market" in this Article) established and operated by the Korea Exchange permitted under Article 373-2 (1) of the Financial Investment Services and Capital Markets Act (hereafter referred to as the "Korea Exchange" in this Article) after depositing it in a safekeeping agency prescribed by Presidential Decree (hereafter referred to as "safekeeping agency" in this Article);
2. Gold bullion, the transactions of which are made in the spot gold market after being supplied pursuant to subparagraph 1.

(2) Where a gold bullion supplier supplies gold bullion under paragraph (1) 1, the input tax amount of value-added tax borne by the gold bullion supplier for the gold bullion shall be deemed deductible input tax amount under Article 38 of the Value-Added Tax Act, notwithstanding Article 39 of that Act. In such cases, the gold bullion supplier is eligible for special tax treatment concerning the deduction or refund of input tax amount of value-added tax by using his or her account for trading gold referred to in Article 106-4, as prescribed by Presidential Decree.

(3) A gold bullion supplier shall issue a tax invoice at the time of supplying gold bullion under paragraph (1) 1 stating the relevant safekeeping agency as the person supplied with the gold bullion, as prescribed by Presidential Decree. In such cases, where the payment for the gold bullion supplied under paragraph (1) 1 is made, the safekeeping agency shall pay the value of gold bullion in the manner of depositing only the amount referred to in Article 106-4 (3) 1, less the amount referred to in Article 106-4 (3) 2, as prescribed in Article 106-4 (3).

(4) Where the gold bullion deposited in a safekeeping agency is supplied from the spot gold market through a transaction, and is withdrawn from the safekeeping agency, the withdrawal of the relevant gold bullion shall be deemed the supply of goods under Article 9 of the Value-Added Tax Act. In such cases, the safekeeping agency shall collect the amount calculated by applying the tax rate provided for in Article 30 of the Value-Added Tax Act to the tax base which is the value of supply prescribed by Presidential Decree (hereafter referred to as "amount of value-added tax" in this Article) from a person who withdraws

the gold bullion and shall pay the amount so collected.

(5) Notwithstanding the latter part of paragraph (4), where a person who withdraws gold bullion is a gold business operator referred to in Article 106-4 (1), the person may pay the value-added tax pursuant to Article 106-4 (3). In such cases, the person shall make a payment in the manner of depositing only the amount of value-added tax, less the amount referred to in Article 106-4 (3) 1.

(6) For the purposes of paragraphs (1) and (4), safekeeping agencies shall be deemed entrepreneurs under the Value-Added Tax Act, and gold business operators referred to in Article 106-4 (1) within the scope prescribed by Presidential Decree.

(7) No invoice referred to in Article 163 of the Income Tax Act or Article 121 of the Corporate Tax Act shall be issued for the gold bullion traded in the spot gold market under paragraph (1) 2.

(8) Where a gold bullion supplier deposits gold bullion in a safekeeping agency and supplies the relevant gold bullion in the spot gold market by not later than December 31, 2019 through transactions, or where an entrepreneur who has bought gold bullion in the spot gold market (hereafter referred to as "gold bullion buyer" in this paragraph) withdraws the relevant gold bullion from the safekeeping agency by not later than December 31, 2019, the value of supply or purchase price (hereafter referred to as "amount used in the spot gold market" in this paragraph. If the gold bullion supplier and the gold bullion buyer are in special relationship prescribed by Presidential Decree, the relevant amount shall be excluded) which is calculated by either of the following methods shall be deducted from the income tax (applicable only to the income tax on business income; hereafter the same shall apply in this paragraph) or corporate tax for the taxable year in which the date of supply or purchase (referring to the time of supply of goods under Article 15 of the Value-Added Tax Act) falls; provided, if the amount used in the spot gold market during the immediately preceding taxable year is less than the amount used during the year before the immediately preceding taxable year, an amount calculated under subparagraph 2 shall be deducted from the income tax or corporate tax of the relevant taxable year: *<Amended on Dec. 15, 2015; Dec. 19, 2017>*

1. Where the amount used in the spot gold market exceeds the amount used in the spot gold market during the immediately preceding taxable year, an amount calculated by multiplying the calculated amount of global income tax or corporate tax by the ratio of the excess amount (hereafter referred to as "excess portion of amount used" in this subparagraph) to the sales of the relevant taxable year; provided, where the gold bullion supplier or the gold bullion buyer has no amount used in the spot gold market during the immediately preceding taxable year, and utilizes the spot gold market for the first time, the amount used in the spot gold market during the relevant taxable year shall be deemed the excess portion of the amount used;
2. An amount calculated by multiplying the calculated amount of global income tax or corporate tax by the ratio of an amount equivalent to 5/100 of the amount used in the spot gold market during the relevant taxable year to the sales of the relevant taxable year.

(9) No customs duties shall be levied on gold bullion, the import declaration of which is filed by a gold bullion supplier prescribed by Presidential Decree by not later than December 31, 2026, for transactions in

the spot gold market. *<Amended on Dec. 15, 2015; Dec. 19, 2017; Dec. 31, 2019; Dec. 28, 2021; Dec. 31, 2023>*

(10) A person exempt from customs duties under paragraph (9) shall deposit the relevant gold bullion in a safekeeping agency and conduct transactions in the spot gold market, as prescribed by Presidential Decree.

(11) Where a person exempt from customs duties under paragraph (9) fails to fulfill the requirements of paragraph (10), or transfers the customs duty-free gold bullion (including lease thereof), or withdraws it without conducting transactions in the spot market after depositing it in a safekeeping agency, the head of the competent regional customs house shall collect such customs duties, as prescribed by Presidential Decree.

(12) Persons prescribed by Presidential Decree, such as the Korea Exchange and safekeeping agencies shall maintain and keep custody of detailed statements, etc. on deposit, transactions, safekeeping, and withdrawal of gold bullion (hereafter referred to as "particulars of transaction, etc." in this Article), as prescribed by Presidential Decree, and shall submit the relevant data if the Commissioner of the National Tax Service or the Commissioner of the Korea Customs Service (including the heads of the competent tax offices and regional customs houses) requests data necessary for taxation from them. In such cases, the particulars of transaction, etc. of gold bullion shall be deemed supporting documents referred to in Article 160-2 (2) of the Income Tax Act or Article 116 (2) of the Corporate Tax Act.

(13) The following matters shall be prescribed by Presidential Decree:

1. Procedures for transactions, such as supply of gold bullion through transactions in the spot gold market, and for deposit of gold bullion in, and the withdrawal thereof from, safekeeping agencies, return and payment of value-added tax, and other necessary matters for the purposes of paragraphs (1) through (7);

2. Matters necessary for calculating the amount of tax credits, etc., and filing applications for tax credits for the purposes of paragraph (8);

3. Procedures for filings applications for tax exemptions, documents to be submitted, and other necessary matters for the purposes of paragraphs (9) through (11).

SECTION 2 Restriction of Special Taxation

Article 127 (Elimination of Duplicative Support)

(1) Where Articles 8-3 (3), 24, 26, and 104-15 (1) applies to an asset invested or shares acquired through contribution by a national pursuant to this Act, the following amounts shall be deducted from the amount of investment, contribution, or acquisition: *<Added on Dec. 1, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

1. Where the national receives contributions or other assets from any of the following entities, including the State (hereafter in this Article, referred to as the "State, etc."), for investing in assets or acquiring an investment share, for the purpose of investing in assets or acquiring an investment share: An amount equivalent to the contributions or other assets invested or disbursed for contribution;

(a) The State;

(b) A local government;

(c) A public institution under the Act on the Management of Public Institutions;

(d) A local public enterprise under the Local Public Enterprises Act;

2. Where the national obtains a loan from any finance company, etc. falling under any item of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in this Article, referred to as "finance company, etc.") for investment in assets or acquisition of investment shares, and spends it on the investment or equity interest, and the State, etc. fully or partially pays the interest payable to the finance company, etc. on behalf of such national: The equivalent to the interest paid by the State, etc., calculated as prescribed by Presidential Decree;

3. Where the national obtains a loan from any finance company, etc. falling under any item of subparagraph 1 of Article 2 of the Act on Real Name Financial Transactions and Confidentiality (hereafter in this Article, referred to as "finance company, etc.") for investment in assets or acquisition of investment shares, and spends it on the investment or equity interest, and the State, etc. fully or partially pays the interest payable to the finance company, etc. on behalf of such national: The equivalent to the interest paid by the State, etc., calculated as prescribed by Presidential Decree;

4. Where a national receives construction charges referred to in Article 37 (1) of the Corporate Tax Act from users of assets required for a project falling under any subparagraph of that paragraph or persons who benefit from such assets and disburses the construction charges to invest them in such assets: An amount equivalent to the amount of construction charges disbursed to invest.

(2) Where Articles 8-3 (3), 24, and 26 concurrently apply to an asset invested by a national pursuant to this Act or where Articles 19 (1) and 29-4, Articles 26 and 29-5, or Articles 26 and 30-4 concurrently apply for the same taxable year, the national may choose only one of such provisions for application. *<Amended on Jan. 1, 2010; Dec. 27, 2010; Dec. 15, 2015; Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020>*

(3) Where Articles 8-3 (3), 24, 26, 29-5, 29-7, 29-8 (1), 30-4, 104-14, 104-15 apply to a national in the same taxable year to grant a reduction or exemption of income tax or corporate tax under Article 121-2 or 121-4, an amount calculated by multiplying the tax amount deductible under the relevant provisions by the national investor’s holding ratio of stocks or equity shares to the total number of outstanding stocks or total equity shares of the relevant enterprise shall be deducted. *<Amended on Jan. 1, 2010; Mar. 12, 2010; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 29, 2020; Dec. 31, 2022>*

(4) If the cases where income tax or corporate tax is reduced or exempted or under Articles 6, 7, 12-2, 31 (4) and (5), 32 (4), 62 (4), 63 (1), 63-2 (1), 64, 66 through 68, 85-6 (1) and (2), 99-9 (2), 99-11 (1), 104-24 (1), 121-8, 121-9 (2), 121-17 (2), 121-20 (2), 121-21 (2), 121-22 (2), and 121-33 (2), and cases where income tax or corporate tax is deductible under Articles 8-3, 13-2, 24, 25-6, 26, 30-4 (excluding cases where it is applied simultaneously with Article 7), 104-14, 104-15, 104-22, 104-25, 122-4 (1), and 126-7 (8), are applicable simultaneously to a national during the same taxable year, only one of them may be applicable; provided, in cases where income tax or corporate tax is reduced or exempted or exempted

under Article 6, Articles 29-7 or 29-8 shall not apply simultaneously. *<Amended on Jan. 1, 2010; Mar. 12, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 20, 2016; Dec. 19, 2017; May 29, 2018; Dec. 24, 2018; Mar. 23, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023; Dec. 31, 2024>*

(5) Where two or more provisions among the provisions regarding reducing or exempting income tax or corporate tax prescribed in Articles 6, 7, 12-2, 31 (4) and (5), 32 (4), 62 (4), 63 (1), 63-2 (1), 64, 85-6 (1) and (2), 99-9 (2), 99-11 (1), 104-24 (1), 121-8, 121-9 (2), 121-17 (2), 121-20 (2), 121-21 (2), 121-22 (2), 121-33 (2), 121-2, or 121-4, apply to the same place of business of a national in the same taxable year, the national may choose only one of such provisions for application. *<Amended on Jan. 1, 2010; Dec. 27, 2010; Dec. 31, 2011; Mar. 23, 2020; Dec. 29, 2020; Dec. 28, 2021; Dec. 31, 2023>*

(6) Where both the provisions regarding reducing or exempting acquisition tax or property tax prescribed in Articles 121-2 and 121-4, apply to the same place of business of a national in the same taxable year, the national may choose only one of such provisions for application. *<Amended on Jan. 1, 2010; Dec. 27, 2010; Dec. 23, 2014; Dec. 15, 2015>*

(7) Where at least two provisions regarding reducing or exempting capital gains tax, concurrently apply to a resident's transfer of land, etc., only one provision for reduction or exemption selected by the resident shall apply; provided, where part of land, etc. is subject to specific provisions for reduction or exemption, the remaining part of such land, etc. may be subject to other provisions for reduction or exemption. *<Amended on Jan. 1, 2010>*

(8) A resident who transfers land, etc. to any third person and is eligible both for Articles 77 and 85-7, may choose only one of them for application. *<Amended on Jan. 1, 2010>*

(9) A resident who transfers a house to any third person and is eligible both for Articles 98-2 and 98-3, may choose only one of them for application. *<Amended on Jan. 1, 2010>*

(10) For the purposes of paragraphs (3) and (4), if separate accounting is kept for the business eligible for tax reduction or exemption under Article 143 and any other business, and the provisions on deduction applies to such other business, such tax reduction or exemption and deduction shall not be deemed duplicative support. *<Added on Jan. 1, 2013>*

(11) Article 29-8 (1) shall apply only where no deduction has been granted under Article 29-7 or 30-4. *<Added on Dec. 31, 2022>*

Article 128 (Exclusion from Reduction and Exemption in Cases of Estimated Taxation)

(1) Articles 7-2, 7-4, 8-3 (3), 10, 12 (2), 12-3, 12-4, 13-2, 13-3, 19 (1), 24, 25-6, 26, 29-2 through 29-5, 29-7, 29-8, 30-3, 30-4, 96-3 (excluding persons subject to simple bookkeeping under Article 160 of the Income Tax Act), 99-12, 104-14, 104-15, 104-25, 104-30, 122-4 (1), and 126-7 (8) shall not apply where an amount of tax is estimated under the proviso of Article 80 (3) of the Income Tax Act or the proviso of Article 66 (3) of the Corporate Tax Act; provided, even where an amount of tax is estimated, Articles 24 and 26 (limited to where evidentiary documents regarding investments are submitted) shall apply to residents. *<Amended on Mar. 12, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015;*

Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Mar. 23, 2020; May 19, 2020; Dec. 29, 2020; Dec. 31, 2022>

(2) Articles 6, 7, 12 (1) and (3), 12-2, 31 (4) and (5), 32 (4), 62 (4), 63 (1), 63-2 (1), 64, 66 through 68, 85-6 (1) and (2), 96, 96-2, 96-3, 99-9 (2), 99-11 (1), 99-12, 102, 104-24 (1), 121-8, 121-9 (2), 121-17 (2), 121-20 (2), 121-21 (2), 121-22 (2), 121-33 (2) shall not apply to the under-reported amount prescribed by Presidential Decree, where a correction (excluding any correction made due to any of the causes referred to under paragraph (4)) is made under Article 80 (2) of the Income Tax Act or Article 66 (2) of the Corporate Tax Act; and where a revised tax return is filed, foreknowing that the tax base and amount of tax filed will be corrected. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Oct. 16, 2018; Dec. 24, 2018; Mar. 23, 2020, May 19, 2020; Dec. 29, 2020; Dec. 31, 2023>*

(3) Articles 6, 7, 12 (1) and (3), 12-2, 31 (4) and (5), 32 (4), 62 (4), 63 (1), 63-2 (1), 64, 66 through 68, 85-6 (1) and (2), 96, 96-2, 96-3, 99-9 (2), 99-11 (1), 99-12, 102, 104-24 (1), 121-8, 121-9 (2), 121-17 (2), 121-20 (2), 121-21 (2), 121-22 (2), 121-33 (2) shall not apply to the under-reported amount prescribed by Presidential Decree, where a correction (excluding any correction made due to any of the causes referred to under paragraph (4)) is made under Article 80 (2) of the Income Tax Act or Article 66 (2) of the Corporate Tax Act; and where a revised tax return is filed, foreknowing that the tax base and amount of tax filed will be corrected. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Oct. 16, 2018; Dec. 24, 2018; Mar. 23, 2020, May 19, 2020; Dec. 29, 2020; Dec. 31, 2023>*

(4) Where a business operator falls under any of the following cases, Articles 6, 7, 12 (1) and (3), 12-2, 31 (4) and (5), 32 (4), 62 (4), 63 (1), 63-2 (1), 64, 66 through 68, 85-6 (1) and (2), 96, 96-2, 96-3, 99-9 (2), 99-11 (1), 99-12, 102, 104-24 (1), 121-8, 121-9 (2), 121-17 (2), 121-20 (2), 121-21 (2), 121-22 (2), 121-33 (2) shall not apply to his or her place of business for the relevant taxable period; provided, the same shall not apply where the business operator has good cause for his or her failure to perform the duty specified in subparagraph 1 or 2: *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Oct. 16, 2018; Dec. 24, 2018; Mar. 23, 2020, May 19, 2020; Dec. 29, 2020; Dec. 31, 2023>*

1. Where the business operator fails to report his or her business account, in violation of Article 160-5 (3) of the Income Tax Act;

2. Where the business operator fails to become a cash receipt merchant, in violation of Article 162-3 (1) of the Income Tax Act or Article 117-2 (1) of the Corporate Tax Act;

3. Where the business operator, being a credit card merchant under Article 162-2 (2) of the Income Tax Act and Article 117 of the Corporate Tax Act, or a cash receipt merchant under Article 162-3 (1) of the Income Tax Act or Article 117-2 of the Corporate Tax Act, falls under the occasions prescribed by Presidential Decree, taking account of the frequency, amount, etc., and where:

(a) The business operator refuses to transact by a credit card or issues a false credit card sales slip; or

(b) The business operator refuses a request to issue a cash receipt or issues a false cash receipt.

Article 129 (Exclusion, etc. from Reduction or Exemption of Capital Gains Tax)

(1) Where a transaction party who trades any asset referred to in Article 94 (1) 1 and 2 of the Income Tax Act enters the different transaction price in the transaction contract from the actual transaction price, non-taxation, reduction or exemption on the capital gains tax under this Act shall be restricted pursuant to Article 91 (2) of the Income Tax Act. *<Added on Dec. 27, 2010>*

(2) The provisions of non-taxation, reduction or exemption of capital gains tax shall not be applicable to the unregistered transfer assets under Article 104 (3) of the Income Tax Act. *<Amended on Dec. 27, 2010>*

Article 129-2 (Restriction on Special Taxation for Savings Subsidization)

(1) The special taxation under any of Articles 87 (3), 87-2, 87 (7), 88-2, 88 (4), 88 (5), 89-3, and 91-18 through 91-22 shall not apply to a person in whose case the aggregate of income under Article 14 (3) 6 of the Income Tax Act exceeds the global tax base amount of interest income, etc. under that subparagraph (hereafter in this Article, referred to as "person subject to global taxation on financial income") once or more during three taxable periods immediately preceding the taxable period in which an account eligible for special taxation under any of such provisions is opened (or in which collective investment securities of a publicly offered real estate fund are initially acquired in cases of Article 87-7 or stocks are acquired through an employee stock ownership association in cases of Article 88-4) or the contract period is extended. *<Amended on Dec. 28, 2021; Dec. 31, 2022>*

(2) The method and procedure for identifying persons subject to global taxation on financial income and other necessary matters shall be prescribed by Presidential Decree.

Article 130 (Exclusion from Tax Reduction or Exemption for Investment in Over- Concentration Control Region of Seoul Metropolitan Area)

(1) Articles 24 shall not apply to fixed business assets acquired to use at the place of business located within the over-concentration control region of the Seoul Metropolitan area, which constitute the enlarged investment prescribed by Presidential Decree, by any national operating his or her business within the over-concentration control region of the Seoul Metropolitan area, on or before December 31, 1989, and by any small or medium enterprise that commences its business at the place of business newly established within the over-concentration control region of the Seoul Metropolitan area or that relocates its existing place of business (including the place of business established on or before December 31, 1989; hereafter in this Article, the same shall apply) into such area on or after January 1, 1990 (hereafter in this paragraph, referred to as "small or medium enterprise, etc. since 1990"); provided, this shall not apply where the enlarged investment is made within any industrial complex or industrial area prescribed by Presidential Decree and where fixed business assets prescribed by Presidential Decree are acquired. *<Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020>*

(2) Where any entity, who is not a small or medium enterprise, commences its business at the place of business place newly established within the over-concentration control region of the Seoul Metropolitan

area or relocates his or her existing place of business into such area on or after January 1, 1990, Articles 24 shall not apply to fixed business assets acquired to use at the place of business within the over-concentration control region of the Seoul Metropolitan area; provided, this shall not apply where fixed business assets prescribed by Presidential Decree are acquired. *<Amended on Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020>*

Article 131 Deleted. *<Dec. 29, 2001>*

Article 132 (Exclusion from Tax Reduction or Exemption Less than Minimum Tax)

(1) When calculating corporate tax on the income of a domestic corporation (excluding incorporated associations, etc. subject to Article 72 (1)) for each business year and on the income accruing from sources in the Republic of Korea to a foreign corporation subject to Article 91 (1) of the Corporate Tax Act for each business year (referring to corporate tax to which tax credits, etc. prescribed by Presidential Decree have not been applied, excluding corporate tax on the capital gains on transfer of land, etc. under Article 55-2 of the Corporate Tax Act; the amount of tax paid in addition to the corporate tax under Article 96 of that Act; corporate tax calculated by applying the special taxation for facilitation of investment and mutually-beneficial cooperation provided for in Article 100-32; penalty tax; and the tax prescribed by Presidential Decree, collectible as a penalty), where the amount of tax after applying any of the following reductions, exemptions, etc., is less than the amount of tax (hereinafter referred to as "minimum corporate tax") calculated by multiplying the tax base (hereafter in this Article, referred to as "tax base") which has not been included in deductible expenses, and to which income deductions, etc. have not been applied under subparagraph 2, by 17/100 ((or 12/100 for the portion of the tax base exceeding 10 billion won and not exceeding 100 billion won; 10/100 for the portion of tax base not exceeding 10 billion won; 7/100 for small or medium enterprises (where a company first ceases to be classified as a small or medium enterprise, as prescribed by Presidential Decree, 8/100 for the three subsequent taxable years from the commencement date of the taxable year in which the company first ceases to be classified as a small or medium enterprise; and 9/10 for the two subsequent taxable years thereafter)), no reduction, exemption, etc. shall apply to the portion equivalent to such shortfall in the amount of tax: *<Amended on Mar. 12, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; May. 29, 2018; Dec. 16, 2018; Dec. 24, 2018; Dec. 31, 2019; May 19, 2019; Dec. 19, 2020; Dec. 31, 2022; Dec. 31, 2023>*

1. Deleted. *<Dec. 31, 2019>*
2. The amount of income deduction, the amount to be included in deductible expenses, the amount excluded from gross income, and non-taxable amount under Articles 8, 8-2, 10-2, 13, 14, 28, 28-2, 28-3, 55-2 (4), 60 (2), 61 (3), 62 (1), 63 (4), and 63-2 (4);
3. The amount of tax credits under Articles 7-2, 7-4, 8-3, 10 (limited to an entity that is not a small or medium enterprise; hereafter in this Article, the same shall apply), 12 (2), 12-3, 12-4, 13-2, 13-3, 19 (1),

24, 25-6, 25-7, 26, 29-2 through 29-5, 29-7, 29-8, 30-3, 30-4, 31 (6), 32 (4), 99-12, 104-8, 104-14, 104-15, 104-22, 104-25, 104-30, 122-4 (1), and 126-7 (8);

4. corporate tax exemptions or reductions under Articles 6, 7, 12 (1) and (3), 12-2, 21, 31 (4) and (5), 32 (4), 62 (4), 63, 64, 68, 96, 96-2, 99-9, 102, 121-8, 121-9, 121-17, and 121-20 through 121-22, and 121-33; provided, the following cases shall be excluded herefrom:

(a) Where the full exemption of corporate tax is granted for the relevant taxable year under Article 6 (1) or (6), 12-2, 99-9, 121-8, 121-9, 121-17, and 121-20 through 121-22, and 121-33;

(b) Where an additional reduction or exemption is granted under Article 6 (7);

(c) Where a factory is relocated to outside of the Seoul Metropolitan area pursuant to Article 63.

(d) Where income has accrued from a crop growing business referred to in Article 68.

(2) When calculating the income tax on the business income of a resident (including income accruing from a real estate lease business only where such business is subject to Article 16; hereafter in this paragraph, the same shall apply), and on the business income of a non-resident accruing at his/her place of business in the Republic of Korea (referring to the income tax to which tax credits, etc. prescribed by Presidential Decree have not been applied for business income, excluding the penalty tax and tax prescribed by Presidential Decree, collectible as a penalty), where the amount of tax after applying any of the following reductions, exemptions, etc., is less than the amount of tax (hereafter in this Article, referred to as "minimum income tax") calculated by multiplying the amount of tax calculated from the business income which has not been included in deductible expenses, and to which income deductions, etc. have not been applied under subparagraph 2 by 45/100 (or 35/100 if the amount of tax calculated does not exceed 30 million won), no reduction, exemption, etc. shall apply to the portion equivalent to such shortfall in the amount of tax: *<Amended on Mar. 12, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; May 29, 2018; Dec. 16, 2018; Dec. 24, 2018; Dec. 31; 2019; May 19, 2020, Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

1. Deleted. *<Dec. 31, 2019>*

2. The amount to be included in deductible expenses and the amount of income deduction under Articles 8, 10-2, 16, 28, 28-2, 28-3, 86-3, and 132-2;

3. The amount of tax credits under Articles 7-2, 7-4, 8-3 (3), 10, 12 (2), 19 (1), 24, 25-6, 26, 29-2 through 29-5, 29-7, 29-8, 30-3, 30-4, 31 (6), 32 (4), 99-12, 104-8, 104-14, 104-15, 104-25, 104-30, 122-3, 122-4 (1), 126-3 (2), and 126-7 (8);

4. income tax exemptions or reductions under Articles 6, 7, 12 (1) and (3), 12-2, 21, 31 (4) and (5), 32 (4), 63, 64, 96, 96-2, 99-9, 102, 121-8, 121-9, 121-17, and 121-20 through 121-22, and 121-33; provided, the following cases shall be excluded herefrom:

(a) Where the full exemption of income tax is granted for the relevant taxable year under Article 6 (1) or (6), 12-2, 99-9, 121-8, 121-9, 121-17, and 121-20 through 121-22, and 121-33;

(b) Where an additional reduction or exemption is granted under Article 6 (7);

(c) Where a factory is relocated to outside of the Seoul Metropolitan area pursuant to Article 63.

(3) For the purposes of this Act, where reductions, exemptions, etc. listed under paragraphs (1) and (2), and other reductions, exemptions, etc. simultaneously apply, reductions, exemptions, etc. listed under paragraphs (1) and (2) shall first apply.

(4) Matters necessary for applying the minimum corporate tax and minimum income tax referred to in paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 132-2 (Composite Ceiling on Income Tax Deductions)

(1) When calculating the income tax on the global income of a resident, where the total sum of the amounts of the following deductions and incurred expenses exceeds 25 million won, the amount in excess shall be deemed nil: *<Amended on Jan. 1, 2014; Dec. 24, 2018; Feb. 11, 2020>*

1. Deleted. *<Jan. 1, 2014>*

2. Special income deductions under Article 52 of the Income Tax Act; provided, insurance premiums referred to in Article 52 (1) of the Income Tax Act shall not be included:

(a) Deleted; *<Jan. 1, 2014>*

(b) Deleted. *<Jan. 1, 2014>*

(c) Deleted; *<Jan. 1, 2014>*

(d) Deleted; *<Jan. 1, 2014>*

3. income deduction for contributions, etc. to a venture investment fund under Article 16 (1) (excluding contributions or investments under Article 16 (1) 3, 4 or 6);

4. income deduction for deposits to mutual aid funds under Article 86-3;

5. income deduction for collective savings for subscription of housing under Article 87 (2);

6. income deduction for investments in employee stock ownership associations under Article 88-4 (1);

7. income deduction for long-term collective investment securities savings under Article 91-16;

8. Deleted. *<Dec. 24, 2018>*

9. income deduction for amount spent on credit cards, etc. under Article 126-2.

(2) Deleted. *<Jan. 1, 2014>*

(3) Deleted. *<Jan. 1, 2014>*

(4) Matters necessary for applying the composite ceiling on income tax deductions under paragraph (1) shall be prescribed by Presidential Decree.

Article 133 (Composite Ceiling on Reduction of, or Exemption from, Capital Gains Tax and Gift Tax)

(1) Of the total amount of the capital gains tax to be reduced or exempted for an individual under any provision of Articles 33, 43, 66 through 69, 69-2 through 69-4, 70, 77, 77-2, 77-3, 85-10 of this Act and Article 29 of the Addenda to Act No. 6538, the greater of the amounts specified in the following subparagraphs shall not be reduced or exempted. In such cases, the amounts of capital gains tax eligible for tax reduction or exemption shall be aggregated in the order of transfers of assets: *<Amended on Dec. 27,*

2010; Jul. 25, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Jun. 9, 2020>

1. Where the total amount of the capital gains tax to be reduced or exempted pursuant to any provision of Articles 33, 43, 66 through 69, 69-2 through 69-4, 70, 77, 77-2, 77-3, or 85-10 of this Act, or Article 29 of the Addenda to Act No. 6538 exceeds 100 million won for each taxable period, an amount equivalent to such excess;

2. The greater of the following amounts calculated as the total amount for five taxable periods. In such cases, the total amount of the capital gains tax to be reduced or exempted for five taxable periods shall be calculated by adding the total amount of the capital gains tax to be reduced or exempted in the relevant taxable period, to the capital gains tax reduced or exempted in the four preceding taxable periods:

(a) Where the total amount of the capital gains tax to be reduced or exempted pursuant to Article 70 for five taxable periods exceeds 100 million won, an amount equivalent to such excess;

(b) Where the total amount of the capital gains tax to be reduced or exempted pursuant to Articles 66 through 69, 69-2 through 69-4, 70, 77 or 77-2 for five taxable periods exceeds 200 million won, an amount equivalent to such excess;

(c) Deleted; *<Dec. 19, 2017>*

(2) In applying paragraph (1) 1, if a person divides the land (referring to the cases where the land is divided within one year retroactively from the date of transferring a part of the land) and transfers a part of it, or transfers an interest in the land, and then transfers all or part of the remaining land or an interest in the land to the same person or his or her spouse within two years from the date of transfer, all such transfers shall be deemed to have been made in one taxable period. *<Added on Dec. 31, 2023>*

(3) Where the total amount of the gift tax to be reduced or exempted pursuant to Article 71 for five years exceeds 100 million won (hereafter referred to as "reduction or exemption ceiling on gift tax" in this paragraph), an amount equivalent to such excess shall not be reduced or exempted. In such cases, the reduction or exemption ceiling on gift tax shall be calculated by adding the total amount of the gift tax to be reduced or exempted to the gift tax reduced or exempted for five years before the date of such gift. *<Amended on Dec. 31, 2023>*

Article 134 Deleted. *<Dec. 29, 2001>*

Article 135 Deleted. *<Dec. 31, 2005>*

Article 136 (Special Cases concerning Exclusion of Business Promotion Expenses from Deductible Expenses)

(1) Deleted. *<Dec. 31, 2022>*

(2) When calculating the amount of income for each business year pursuant to Article 25 (4) of the Corporate Tax Act, the following entities shall include business promotion expenses in deductible

expenses up to an amount equivalent to 70/100 of the total amount referred to in the main clause of Article 25 (4) of the Corporate Tax Act: *<Amended on Dec. 31, 2007; Jan. 1, 2010; Dec. 24, 2018; Dec. 31, 2022>*

1. Deleted. *<Dec. 31, 2007>*
2. A government-contributed institution prescribed by Presidential Decree;
3. A corporation prescribed by Presidential Decree, in which an institution referred to in subparagraph 2 has invested.

(3) Business promotion expenses disbursed by a national as expenses for cultural purposes prescribed by Presidential Decree on or before December 31, 2025 shall be included in deductible expenses up to the equivalent to 20/100 of the ceiling on business promotion expenses of the national (referring to an aggregate of the amounts specified in subparagraphs of Article 25 (4) of the Corporate Tax Act (or referring to an amount calculated by multiplying such aggregate amount by 50/100, in cases of a domestic corporation prescribed by Presidential Decree, such as a domestic corporation whose principal business is real estate rental business) or an aggregate of the amounts specified in subparagraphs of Article 35 (3) of the Income Tax Act; hereafter in this Article, the same shall apply), when calculating the amount of income for the relevant taxable year, notwithstanding the ceiling on business promotion expenses of the national. *<Amended on Jan. 1, 2010; Dec. 31, 2011; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 19, 2017; Dec. 24, 2018, Dec. 29, 2020; Dec. 31, 2022; Dec. 31, 2023>*

(4) For the purpose of calculating an amount of business promotion expenses disbursed by a national from January 1, 2020 to December 31, 2020 but excluded from deductible expenses or necessary expenses pursuant to Article 25 (4) of the Corporate Tax Act or Article 35 (3) of the Income Tax Act, the ceiling on each amount of revenue shall be calculated by applying the rates set in the following table, notwithstanding Appendix in Article 25 (4) 2 of the Corporate Tax Act and Appendix in Article 35 (3) 2 of the Income Tax Act: *<Added on Mar. 23, 2020; Dec. 31, 2022>*

Amount of revenue	Rate
10 billion won or less	0.35 percent
More than 10 billion won, but not more than 50 billion won	35 million won + (Amount of revenue ? 10 billion won) × 0.25 percent
More than 50 billion won	135 million won + (Amount of revenue ? 50 million won) × 0.06 percent

(5) In applying paragraph (4) to a domestic corporation for which 2020 spans more than one business year, the ceiling on the amount of income shall be calculated according to the following formula: *<Added on Mar. 23, 2020>*

Ceiling on amount of revenue under paragraph (4) * (Number of days in 2020 among relevant business years/Number of days in relevant business years) + Ceiling on among of revenue under Article 25 (4) 2 of the Corporate Tax Act * (Number of days days not falling in 2020 among relevant business years /Number of years in relevant business years)

(6) Business promotion expenses incurred by a Korean national that is disbursed in traditional markets under subparagraph 1 of Article 2 of the Special Act on the Development of Traditional Markets and Shopping Districts, before December 31, 2025, which satisfy all of the following requirements, shall be included in deductible expenses within an amount equivalent to 10/100 of the upper limit of business promotion expenses of a Korean national, when calculating the amount of income for the relevant taxable year, notwithstanding the upper limit of business promotion expenses of a Korean national. *<Added on Dec. 31, 2023>*

1. It shall constitute the amount of credit cards, etc. used under Article 126-2 (1);
2. It shall not be disbursed to a corporation or a business operator who runs a type of business prescribed by Presidential Decree, such as a consumer service business.

Article 137 Deleted. *<Dec. 31, 2005>*

Article 138 (Deemed Gross Income from Rental Security Deposits, etc.)

(1) Where a domestic corporation (excluding a non-profit domestic corporation) retaining the borrowings in excess of the standards prescribed by Presidential Decree taking into account the ratio of borrowings, etc. to the equity capital of such domestic corporation which runs a real estate rental business as its principal business receives the deposits, money for lease on a deposit basis, or similar by leasing the real estate except houses prescribed by Presidential Decree, or rights on the relevant real estate, the amount calculated as prescribed by Presidential Decree shall be added to gross income under Article 15 (1) of the Corporate Tax Act.

(2) In applying paragraph (1), the scope of borrowings, criteria for judging the principal business or other necessary matters shall be prescribed by Presidential Decree.

Article 139 Deleted. *<Dec. 26, 2008>*

Article 140 (Special Taxation for Development of Submarine Mineral Resources)

(1) A person who holds a submarine mining concession right defined in subparagraph 5 of Article 2 of the Submarine Mineral Resources Development Act (hereafter in this Article, referred to as "submarine

mining concessionaire"), shall be exempted from customs duties and value-added tax on the machinery, equipment, and materials that the person imports by December 31, 2025 for exploring or extracting submarine minerals. *<Amended on Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

(2) An agent or a subcontractor of a submarine mining concessionaire shall be exempted from customs duties and value-added tax on the machinery, equipment, and materials that the agent or the subcontractor imports by December 31, 2025 in the name of the submarine mining concessionaire to use directly for exploring or extracting submarine minerals. *<Amended on Dec. 20, 2016; Dec. 31, 2019; Dec. 31, 2022>*

Article 141 (Special Cases concerning Tax Imposition on Registration of Real Estate in Actual Titleholder's Name)

Where any of the following applies to real estate registered in its actual titleholder's name pursuant to Article 11 of the Act on the Registration of Real Estate under Actual Titleholder's Name is only one case, and its value does not exceed 50 million won, any taxes already exempted, under-imposed or not imposed, shall not be additionally collected. In such cases, the scope of real estate registered in the actual titleholder's name and the calculation of its value shall be prescribed by Presidential Decree:

1. Where a name transferor and a household sharing a livelihood with him or her has been subject to non-taxation following a transfer under one house for one household pursuant to subparagraph 3 of Article 89 of the Income Tax Act prior to the enforcement of this Act, and where he or she is no longer eligible for non-taxation on the date of transfer of the relevant house due to its registration in the actual titleholder's name;
2. Where any gift tax, the liability to pay which has accrued prior to the enforcement of the Act on the Registration of Real Estate under Actual Titleholder's Name, is imposed on a titleholder pursuant to Article 32-2 of the former Inheritance Tax Act (referring to that Act prior to the amendment by Act No. 5193, December 30, 1996).

Article 141-2 (Special Provisions on Taxation for Sales Profit of Non-Residents' Inventory Assets at Logistics Facilities in Bonded Area)

(1) No income tax referred to in Article 156 (1) of the Income Tax Act, or corporate tax referred to in Article 98 (1) of the Corporate Tax Act shall be imposed on any domestic-source income referred to in subparagraph 5 of Article 119 of the Income Tax Act, or subparagraph 5 of Article 93 of the Corporate Tax Act accruing from transfer of inventory assets which a non-resident or foreign corporation with no domestic place of business referred to in Article 120 of the Income Tax Act or Article 94 of the Corporate Tax Act (hereafter referred to as "non-resident, etc." in this Article) manufactured or acquired overseas after keeping them in a bonded area under Article 154 of the Customs Act or in logistics facilities defined in Article 2 (1) 4 of the Framework Act on Logistics Policies located in a free trade zone defined in subparagraph 1 of Article 2 of the Act on Designation and Management of Free Trade Zones.

(2) Any non-resident, etc. who wishes to secure tax credits under paragraph (1) shall file an application for exemption, as prescribed by Presidential Decree.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 142 (Ex Ante and Ex Post Management of Special Taxation)

(1) The Minister of Strategy and Finance shall establish a master plan for special taxation and restrictions on such special taxation, and notify the heads of central administrative agencies thereof after deliberation by the State Council no later than March 31 each year. *<Amended on Jan. 1, 2013>*

(2) The heads of central administrative agencies shall suggest tax reduction or exemption, including the objectives of, and policy effects expected from such tax reduction or exemption, estimated annual revenue effects, and related statistical data with respect to matters for which such reduction or exemption is deemed necessary for the efficient implementation of economic and social policies, etc., to the Minister of Economy and Finance no later than April 30 each year. *<Amended on Jan. 1, 2013>*

(3) The heads of central administrative agencies shall present their opinions on the analysis of effects by tax reduction or exemption, and on whether such tax reduction or exemption system is to be maintained with respect to the matters of special taxation prescribed by Presidential Decree, to the Minister of Economy and Finance no later than April 30 each year. *<Amended on Jan. 1, 2013>*

(4) The Minister of Strategy and Finance may conduct an assessment of major special taxation; provided, with respect to special taxation, the application period of which ends in the relevant year (excluding matters prescribed by Presidential Decree, including matters wherein the repeal of such special taxation is apparent due to the extinction of eligible items), and the annual amount of which is not less than the amount prescribed by Presidential Decree, the results of the assessment conducted, within budgetary limits, by a specialized survey and research institution on the matters prescribed by Presidential Decree, including the level of target achievement, economic effects, effects of income redistribution, and effects on finance, shall be submitted to the National Assembly no later than 120 days before the commencement of each fiscal year. *<Amended on Jan. 1, 2013; Jan. 1, 2014>*

(5) A legislative bill submitted by the Government to introduce a special taxation the amount of which is not less than 30 billion won per year shall be accompanied by a report on the results of assessment conducted by a specialized survey and research institution on the matters prescribed by Presidential Decree, including the necessity and timeliness of the special taxation, expected effects, and potential problems; provided, this shall not apply to any of the following matters: *<Added on Jan. 1, 2014; Dec. 31, 2019>*

1. Matters that have been deliberated by the State Council to introduce the bill in response to economic and social situations;
2. Matters related to Inter-Korean exchange and cooperation or promoted according to an inter-country agreement or treaty;

3. Matters for which introducing the bill is urgently needed to implement a project for an international convention or a national event with a one-time period of support and with a clear deadline for application;

4. Matters for which the Minister of Economy and Finance recognizes that the details of the assessment conducted pursuant to paragraph (4) includes the matters prescribed by Presidential Decree, such as the necessity and timeliness of special taxation, expected effects, and potential problems, where it is intended to improve an existing special taxation, reflecting the results of the assessment conducted pursuant to paragraph (4);

(6) The Minister of Strategy and Finance may designate an institution to conduct specialized surveys and research in connection with suggestions for tax reduction or exemption under paragraph (2), presentation of opinions under paragraph (3), and assessments under paragraphs (4) and (5), and subsidize expenses incurred in relation to the operation, etc. thereof. *<Added on Jan. 1, 2013; Jan. 1, 2014>*

(7) The Minister of Strategy and Finance may request the heads of the relevant administrative agencies, etc. to submit opinions or data, where deemed necessary for presenting opinions under paragraph (3), and conducting assessments under paragraphs (4) and (5). In such cases, the heads of the relevant administrative agencies shall comply with such request except in exceptional circumstances. *<Added on Jan. 1, 2013; Jan. 1, 2014>*

(8) Matters concerning the establishment of master plans for special taxation and the restrictions thereon, suggestions for tax reduction and exemption, presentation of opinions on tax reduction and exemption, scope of major special taxation, designation of survey and research institutions under paragraphs (1) through (7), and other necessary matters shall be prescribed by Presidential Decree. *<Added on Jan. 1, 2013; Jan. 1, 2014>*

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Article 142-2 (Preparation of Tax Expenditure Budget)

(1) The Minister of Strategy and Finance shall prepare a report wherein the result of the financial support pertaining to special taxation, such as reduction or exemption of tax, non-taxation, income deduction, tax deduction, application of favored-tax rate, or deferral of tax, (hereinafter referred to as "tax expenditure") in the immediately preceding year and the estimated amount thereof in the relevant year and the following year are analyzed by functions and items (hereinafter referred to as "tax expenditure budget").

(2) The Minister of Strategy and Finance may, if necessary for the preparation of a tax expenditure budget, request persons prescribed by Presidential Decree, such as the heads of central administrative agencies, etc. to submit data. In such cases, the heads of the relevant central administrative agencies, etc. so requested shall comply with such request unless any special reason exists.

(3) Detailed method, etc. of preparation of tax expenditure budget shall be prescribed by Presidential Decree.

Article 143 (Separate Accounting)

(1) Where a national concurrently operates a business (referring to respective business in cases of two or more tax reduction rates exist; hereafter referred to as "business subject to reduction or exemption" in this Article) to which tax reduction or exemption is applicable as prescribed by this Act and other businesses, he or she shall keep separate accounts, as prescribed by Presidential Decree.

(2) A national who operates a consumptive service business and other businesses at the same time shall keep separate accounts of his or her assets, liabilities, profits and losses by dividing them into each business as prescribed by Presidential Decree.

(3) When the amount of income of a business subject to reduction or exemption is calculated where loss has occurred to a business of which account has been kept separately as prescribed in paragraphs (1) and (2), an amount calculated by subtracting the amount obtained by distributing the total amount of loss in proportion to the amount of income to other businesses which have generated income from the amount of income of the businesses which have generated income shall be the income of the business subject to reduction or exemption.

Article 144 (Tax Credits Carried-Forward)

(1) Of the amount of tax to be deducted pursuant to any provision of Articles 7-2, 7-4, 8-3, 10, 12 (2), 12-3, 12-4, 13-2, 13-3, 19 (1), 24, 25-6, 25-7, 26, 29-2 through 29-5, 29-7, 29-8, 30-3, 30-4, 96-3, 99-12, 104-5, 104-8, 104-14, 104-15, 104-22, 104-25, 104-30, 104-32, 122-4 (1), 126-6, and 126-7 (8) of this Act and Article 12 (2) (limited to the amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption (Act No. 5584), the equivalent to the portion not deducted because no amount of tax is payable for the relevant taxable year or the amount of tax is less than the minimum corporate tax or minimum income tax under Article 132 shall be carried forward to each taxable year that ends within ten years from the commencement date of the taxable year following the relevant taxable year, and shall be deducted from income tax (limited to income tax on business income (including income accruing from a real estate lease business under Article 45 (2) of the Income Tax Act where Articles 96-3 and 126-6 is applicable)) or corporate tax for each taxable year to which such amount is carried forward. <*Amended on Mar. 12, 2010; Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec 24, 2018; Dec. 31, 2019; Mar. 23, 2020; May 19, 2020; Dec. 29, 2020; Aug. 10, 2021, Dec. 31, 2022; Dec. 31, 2023*>

1. Deleted. <*Dec. 29, 2020*>
2. Deleted. <*Dec. 29, 2020*>
3. Deleted. <*Dec. 29, 2020*>

(2) Where the amount to be deducted from income tax or corporate tax for each taxable year, which is deductible under any provision of Articles 7-2, 7-4, 8-3, 10, 12 (2), 12-3, 12-4, 13-2, 13-3, 19 (1), 24, 25-6, 25-7, 26, 29-2 through 29-5, 29-7, 29-8, 30-3, 30-4, 96-3, 99-12, 104-5, 104-8, 104-14, 104-15, 104-22, 104-25, 104-30, 104-32, 122-4 (1), 126-6, and 126-7 (8) of this Act and Article 12 (2) (limited to the

amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption (Act No. 5584), and the amount not deducted and carried forward under paragraph (1), overlap with each other, the amount not deducted and carried forward under paragraph (1) shall be deducted first, and deductions shall be made successively in the order of the accrual of non-deductions, if the amounts not deducted and carried forward overlap with one another. <*Amended on Mar. 12, 2010; Jan. 1, 2013; Dec. 1, 2014; Dec. 23, 2014; Dec. 15, 2015; Dec. 20, 2016; Dec. 19, 2017; Dec. 24, 2018; Dec. 31, 2019; Mar. 23, 2020; May 19, 2020; Dec. 29, 2020; Aug. 10, 2021; Dec. 28, 2021; Dec. 31, 2022; Dec. 31, 2023*>

(3) Notwithstanding paragraph (1), the non-deducted amount for the taxable year during which an investment is made pursuant to the proviso of Article 26 (1) 2, and the amount paid as income tax or corporate tax under Article 26 (6) shall be carried forward to each taxable year that ends within five years from the commencement date of the taxable year following the taxable year during which the investment is made, and shall be deducted from income tax (limited to income tax on business income) or corporate tax carried forward for each taxable year up to an aggregate of the amounts calculated in the following order. In such cases, the number of full-time employees in the taxable year subject to deduction carried forward shall exceed the largest of the number of full-time employees referred to in each item of subparagraph 3: <*Added on Dec. 31, 2011; Jan. 1, 2014; Dec. 20, 2016*>

1. The number of graduates from high schools, etc. aligned to industry demand, among the full-time employees who have first entered into an employment contract in the taxable year subject to deduction carried forward × 20 million won (or 25 million won in cases of a small or medium enterprise);

2. The number of youth employees, employees with a disability, and employees aged at least 60, among the full-time employees other than those referred to in subparagraph 1, who have first entered into an employment contract in the taxable year subject to deduction carried forward × 15 million won (or 20 million won in cases of a small or medium enterprise);

3. (The number of full-time employees in the taxable year subject to deduction carried forward ? the number of graduates referred to in subparagraph 1 the number of youth employees, employees with a disability, and employees aged at least 60 referred to in subparagraph 2 - the largest number of the following numbers) × 10 million won (15 million won in cases of a small or medium enterprise);

(a) The number of full-time employees in the taxable year immediately preceding the taxable year subject to deduction carried forward;

(b) The number of full-time employees in the taxable year immediately preceding the taxable year during which the investment is made with the amount carried forward;

(c) Where income tax or corporate tax is paid due to a decrease in the number of full-time employees under Article 26 (6), the number of full-time employees in the taxable year (where the number of full-time employees is decreased for two consecutive taxable years, the second taxable year) during which such number of full-time employees is decreased.

(4) Deleted. <*Dec. 29, 2020*>

Article 145 Deleted. *<Dec. 11, 2002>*

Article 146 (Additional Collection of Amount of Tax Reduced or Exempted)

Where a person granted a tax credit of income tax or corporate under any provision of Articles 8-3 (3), 24, and 26 of this Act and Article 12 (2) (limited to the amended provisions of the former Article 37) of the Addenda to the Act on Regulation of Tax Reduction and Exemption (Act No. 5584) disposes of the relevant asset (including leasing such asset, but excluding cases prescribed by Presidential Decree) before the lapse of two years (or five years in cases of any building and structure prescribed by Presidential Decree) from the date the investment is completed under that Article, the person shall pay the equivalent to the tax credit on the relevant asset plus an additional amount equivalent to the interest calculated as prescribed by Presidential Decree, as income tax or corporate tax, when filing his or her tax return for the taxable year in which such asset is disposed of, and the relevant amount of tax shall be deemed the amount of tax payable under Article 76 of the Income Tax Act or Article 64 of the Corporate Tax Act. *<Amended on Dec. 23, 2014; Dec. 20, 2016; Dec. 24, 2018; Dec. 29, 2020>*

Article 146-2 (Additional Collection of Non-Taxable or Exempted and Reduced Tax Amount on Interest Income and Dividend Income)

(1) If a person fails to meet the requirements for the grant of special taxation on interest income or dividend income under any provisions of Articles 26-2, 27, 29, 66 through 68, 87, 87-2, 87-5 through 87-7, 88-2, 88-4, 88-5, 89, 89-3, 91-6, 91-12, 91-14, 91-15, 91-17 through 91-19, 91-21 through 91-23, and 121-35, the withholding agent shall immediately collect the amount equivalent to the non-taxable, exempted or reduced taxes from the person and pay it to the head of the competent tax office with jurisdiction over the withholding by the 10th of the month following the month in which the amount is additionally collected, and the tax bases for global income for the taxable year to which such income is attributed shall be calculated in accordance with Article 14 of the Income Tax Act (or Article 122 of that Act in cases of non-residents). *<Amended on Dec. 28, 2021; Dec. 31, 2022; Apr. 11, 2023; Dec. 31, 2023; Dec. 31, 2024>*

(2) The withholding agent shall immediately notify the person granted the special taxation of the tax amount additionally collected pursuant to paragraph (1) and the ground for calculation.

(3) If the withholding agent fails to pay the amount of tax withheld pursuant to paragraph (1) withing the deadline or pays less than the amount of tax due, it shall additionally pay an amount equivalent to 10/100 of the amount of tax not paid or underpaid.

(4) Where paragraph (1) is applicable, Article 86 of the Income Tax Act shall apply, but Articles 47-2 through 47-5 of the Framework Act on National Taxes shall not apply.

(5) Except as prescribed in paragraphs (1) through (4), matters concerning the methods for additional collection and notification and other necessary matters shall be prescribed by Presidential Decree.

Article 147 (Calculation of Value of Non-Par Value Stocks)

In cases of non-par value stocks at the time of applying Articles 87-6 (1), 88-4 (9) 3 and (10) 2, and 91-6 (1), an amount calculated by dividing the capital of a corporation which has issued the relevant stocks by the total number of issued stocks as of the record date of dividends (as of the issuing date in case of Article 88-4 (14) 3) shall be deemed the par value thereof. *<Amended on Dec. 29, 2020>*

ADDENDA *<Act No. 5584, Dec. 28, 1998>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 1999; provided, the amended provisions of Articles 38, 39 and 45 through 48 shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amended provisions concerning the capital gains tax and special surtax in this Act shall apply starting with the portion of a transfer first effected after this Act enters into force.

(3) The amended provisions of the value-added tax of this Act shall apply starting with the portion of supply, or being supplied, of goods or services, or the portion of goods declared for import, first made after this Act enters into force.

(4) The amended provisions concerning the special consumption tax in this Act shall apply starting with the portion of taxable period first arriving after this Act enters into force.

(5) The amendments relating to the liquor tax in this Act shall apply starting with the portion first shipped out of a factory or a bonded area after this Act enters into force.

(6) The amendments relating to the inheritance or gift tax in this Act shall apply starting with the portion for which an inheritance first commences or is donated after this Act enters into force.

(7) The amendments relating to the stamp tax in this Act shall apply starting with taxable documents first prepared after this Act enters into force.

(8) The amendments relating to the securities transaction tax in this Act shall apply starting with the portion first transferred, withdrawn, incorporated, entrusted or invested in kind after this Act enters into force.

(9) The amendments relating to the customs in this Act shall apply starting with the portion first declared for import after this Act enters into force.

(10) The amendments relating to the local taxes in this Act shall apply starting with the portion first acquired, registered or on which the property tax or aggregate land tax is first imposed and collected after this Act enters into force.

Article 3 (Applicability to small or medium business investment reserves)

The amendments to Articles 4, 9, 28, 30, 58, 59, and 75 shall apply to the reserves first charged to deductible expenses after this Act enters into force; provided, the amendments relating to the payment of an amount equivalent to interest under the provisions of Articles 4 (4), 9 (4), 28 (4), 30 (2), 58 (4), 59 (5) and 75 (4) shall apply starting with the portion that is first added to gross income after this Act enters into force. In this case, the amounts added to gross income under Articles 4, 8, 28, 29, 41, 42 and 61-2 of the former Regulation of Tax Reduction and Exemption Act shall be deemed the amount added to gross income under this Act.

Article 4 (Applicability to tax credit for investments by small or medium business)

The amendments to Articles 5, 11, 24 through 26, 62, 65 (2), 94, 103 and 126 shall apply starting with the portion first invested after this Act enters into force.

Article 5 (Applicability to tax reduction or exemption on income from technology transfer)

The amendments to Article 12 shall apply starting with the portion first transferred, provided or leased after this Act enters into force.

Article 6 (Applicability to capital gains tax exemption for support, etc. of corporate financial structure improvement)

(1) The amendments to Articles 36 (2) 1, 37 (2) 1, 40 (1) 3 and 41 (1) 3 shall apply starting with the portion of real estate first transferred or donated prior to the enforcement date of this Act, but whose redemption date of liabilities to financial institutions has not arrived.

(2) In applying the amendments to Articles 37 (2) 2, 40 (2) 2, 41 (3) 2 and 42 (2) 3 to real estate transferred prior to the enforcement date of this Act, the said amendments shall apply starting on the date on which such real estate is transferred.

(3) The amendments to Articles 40 (1) 1 and 2, and 41 (1) 2 and (4) shall apply starting with the portion first transferred or donated on or after February 24, 1998.

Article 7 (Applicability to minimum tax, etc.)

Where a person obtains any tax reduction or exemption under Article 127, 128, 132, 134, 144 and 145 in the taxable year that commences prior to the enforcement date of this Act, such reduced or exempted tax amount shall be considered a tax amount reduced and exempted under Article 112, 117, 118, 120, 121 and 123 of the former Regulation of Tax Reduction and Exemption Act.

Article 8 (Applicability to non-taxation, etc. on gains from transfer of stocks by small or medium start-up business investment companies)

(1) The amendments to Articles 13, 14 (1) 2 through 4 and 14 (2) shall apply starting with the portion of stocks or equity shares first acquired after this Act enters into force.

(2) The amendments to Articles 14 (4) and (5), 20 (limited to the portion collected by withholding at source), 29, 89 and 91 shall apply starting with the portion whose tax withholding time first arrives after this Act enters into force.

(3) The amendments to Article 15 shall apply to stock options first granted after this Act enters into force.

(4) The amendments to Article 16 shall apply starting with the portion first contributed or invested after this Act enters into force.

(5) The amendments to Article 17 (1) shall apply starting with investment or loan loss reserves first charged to deductible expenses after this Act enters into force. In this case, the balance in such investment or loan loss reserve accounts that are charged to deductible expenses under Article 14 (1) of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be deemed an investment or loan loss reserve under this Act.

(6) The amendments to Articles 21 and 22 (limited to the portions relating to the enforcement of the Foreign Exchange Transactions Act) shall apply starting with the portion that first becomes applicable under the Foreign Exchange Transactions Act after this Act enters into force.

(7) The amendments to the proviso of Article 21 (1) shall apply starting with the portion of bonds denominated in foreign currency first issued after this Act enters into force.

(8) The amendments to Article 23 shall apply starting with the portion first transferred after this Act enters into force.

(9) The amendments to Article 38 shall apply starting with the portion first invested in kind in the business year whereto belongs the date on which this Act enters into force.

(10) The amendments to Article 39 shall apply starting with the portion of liabilities first assumed, performed, reduced or exempted in the business year whereto belongs the date on which this Act enters into force.

(11) The amendments to Article 45 shall apply starting with the portion of liabilities first exempted or equity capital decreased in the business year whereto belongs the date on which this Act enters into force.

(12) The amendments to Article 46 shall apply starting with the portion of stocks transferred or taken over or liabilities accepted or performed or real estate donated in the taxable year whereto belongs the date on which this Act enters into force.

(13) The amendments to Article 47 shall apply starting with the portion of stocks exchanged in the business year whereto belongs the date on which this Act enters into force.

(14) The amendments to Article 48 (4) shall apply starting with the portion of bad debt allowances that are charged to deductible expenses in the business year whereto belongs the date on which this Act enters into force.

(15) The amendments to Article 100 (1) shall apply to housing subsidies first paid after this Act enters into force.

Article 9 (General transitional measures)

(1) The national taxes and local taxes imposed or taxable pursuant to the former provisions prior to the enforcement date of this Act shall be governed by the former provisions.

(2) The national taxes and local taxes reduced or abatable pursuant to the former provisions prior to the enforcement date of this Act shall be governed by the former provisions.

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(3) The Acts and subordinate statutes that cite the former Regulation of Tax Reduction and Exemption Act and its articles or clauses at the time this Act enters into force shall be deemed the respective corresponding articles or clauses of this Act.

Article 10 (Transitional measures concerning small or medium businesses investment reserves, etc.)

The reserves that have been charged to deductible expenses in calculating incomes for each taxable year pursuant to Articles 4, 8, 28, 29, 41, 42 and 61-2 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be added to gross income pursuant to the former provisions.

Article 11 (Transitional measures concerning tax reduction or exemption for income from transfer of technology)

(1) Patents, utility models, or technical know-how leased prior to the enforcement date of this Act shall be governed by the provisions of Article 11 of the former Regulation of Tax Reduction and Exemption Act until the relevant lease term expires.

(2) A national who is subject to Articles 6, 34, 46, 50, 51 (1), 53 and 96 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the provisions of Articles 6, 34, 63, 64, 65 (1), 68 and 101 of this Act, respectively, from the taxable year first starting after this Act enters into force and limited to the remaining reduction or exemption period.

Article 12 (Transitional measures concerning international ship transfer margin charged to deductible expenses, etc.)

(1) The former provisions shall apply to adding to gross income of the amount charged to deductible expenses pursuant to Articles 24-2 and 40-4 of the former Regulation of Tax Reduction and Exemption Act.

(2) Where an enterprise designated as the enterprise subject to rationalization pursuant to Article 39 (1) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act satisfies the rationalization standards under paragraph (2) of the said Article, the provisions of Articles 35 through 37 of the former Regulation of Tax Reduction and Exemption Act shall govern.

(3) Capital increases subjected to Article 93 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the former provisions during the remaining deduction period under the same Act.

(4) A small or medium business subjected to Article 54 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act shall be governed by the former provisions during the remaining reduction or exemption period under the same Act.

(5) Borrowings for housing funds subjected to Article 92-4 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be governed by the former provisions until their redemption is completed.

(6) Reserves for a mine closure subjected to Article 123-2 of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force shall be governed by the former provisions.

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Article 13 (Transitional measures concerning long-term household savings and employee stock savings)

(1) Long-term household savings under Article 80-3 of the former Regulation of Tax Reduction and Exemption Act shall, limited to those whose contracts are concluded on or before December 31, 1998, be governed by the former provisions not later than the expiration of the relevant savings contracts.

(2) Employee stock savings under Article 80-4 of the former Regulation of Tax Reduction and Exemption Act shall, limited to those whose contracts are concluded and the deposit amounts are paid on or before December 31, 1998, be governed by the former provisions not later than the expiration of such savings contracts.

Article 14 (Transitional measures concerning reduction or exemption, etc. of capital gains tax)

(1) The carried-over taxation on the assets subjected to an application of the carried-over taxation pursuant to Articles 31, 32 and 40-4 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

(2) The tax reduction or exemption, deferment, post management thereof and additional collection on the assets subjected to tax reduction or exemption, etc. pursuant to Articles 33, 40-8, 43, 44, 70, 71 and 75 (2) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement of this Act, shall be governed by the former provisions.

(3) Rental houses whose rental starts under former Article 67 while the Regulation of Tax Reduction and Exemption Act (Act No. 4806) is in force, shall be governed by the former provisions.

(4) With respect to land, etc. transferred under former Articles 31 through 33, 43, 44, 68, 70 and 71 (including where applied mutatis mutandis in Article 75 (2)) while the Regulation of Tax Reduction and Exemption Act (Act No. 5417) is in force, the tax reduction or exemption, special treatment of transfer value, deferment and additional collection of tax, etc. shall be governed by the former provisions.

Article 15 (Transitional measures concerning exemption of gift tax on farmland, etc. donated to farming children)

(1) The post management and tax collection for land, etc. subject to an exemption of the gift tax pursuant to Article 58 of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

(2) Any land, etc. subject to exemption from the gift tax pursuant to Article 58 (1) of the former Regulation of Tax Reduction and Exemption Act at the time this Act enters into force, and that a self-cultivating farmer donates to his or her children engaged in farming not later than December 31, 2006, shall be exempted from the gift tax pursuant to Article 58 (2) through (5) of the former Regulation of Tax Reduction and Exemption Act. *<Amended on Dec. 29, 2000; Dec. 30, 2003>*

Article 16 (Transitional measures concerning exemption of capital gains tax, etc. on self-cultivating farmers, etc.)

(1) The post management and tax collection for land, etc. subject to exemption from the capital gains tax and gift tax under former Articles 56 and 57 while the Amendment Act to the Regulation of Tax

Reduction and Exemption Act (Act No. 5195) is in force, shall be governed by former Articles 56 and 57.

(2) Any land, etc. subject to exemption from the capital gains tax and gift tax under former Articles 56 (1) and 57 (1) (limited to those located within an agricultural promotion area under the Farmland Act) while the Amendment Act to the Regulation of Tax Reduction and Exemption Act (Act No. 5195) is in force, and that are transferred or donated not later than December 31, 2006, shall be exempted from the capital gains tax or gift tax pursuant to former Article 56 (2) through (5) or 57 (2) through (4). *<Amended on Dec. 29, 2000; Dec. 30, 2003>*

(3) Any fishing ships and fishing rights subject to exemption from the gift tax under former Article 57 (1) while the Regulation of Tax Reduction and Exemption Act (Act No. 5195) is in force, and that are donated not later than December 31, 2006, shall be exempted from the gift tax pursuant to former Article 57 (2) through (4). *<Amended on Dec. 29, 2000; Dec. 30, 2003>*

Article 17 (Transitional measures concerning exclusion from tax reduction or exemption within Seoul Metropolitan Area)

Foreign investments that have been excluded from tax reduction or exemption pursuant to Article 47 (3) and (4) of the former Regulation of Tax Reduction and Exemption Act prior to the enforcement date of this Act, shall be governed by the former provisions.

Article 18 Deleted. <Dec. 31, 2004>

Article 19 Omitted.

ADDENDA *<Act No. 5825, Feb. 8, 1999>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 10 Omitted.

ADDENDA *<Act No. 5960, Mar. 31, 1999>*

Article 1 (Enforcement date)

This Act shall enter into force on April 1, 1999.

Articles 2 through 5 Omitted.

ADDENDA *<Act No. 5980, Apr. 30, 1999>*

(1) (Enforcement date) This Act shall enter into force on July 1, 1999.

(2) (Applicability) The amendments to Article 106 (1) 2 shall apply starting with the portion first supplied after this Act enters into force.

ADDENDA <*Act No. 5982, May 24, 1999*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 5996, Aug. 31, 1999*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Article 126-2 shall enter into force on the first day of the month following that in which the date of promulgation falls.

Article 2 (Applicability to tax reductions or exemptions)

(1) The amended provisions of Articles 6 and 31 shall apply starting with the first start-up or venture business first established or confirmed after the enforcement of this Act; provided, they shall apply starting with the first commencing taxable period after January 1, 2001 with respect to the nationals that established a new enterprise after August 31, 1997, and has been confirmed as a venture business no later than August 30, 1999. In this case, this shall apply only to the remaining reduction or exemption period if any income first accrues on or before December 31, 2000. <*Amended on Dec. 29, 2000*>

(2) The amended provisions of Article 63 shall apply starting with the portion of factory facilities first relocated after this Act enters into force.

Article 3 (Applicability to reserves, etc.)

(1) The amended provisions of Article 8-2 shall apply starting with the taxable year in which the enforcement date of this Act falls.

(2) The amended provisions of Articles 60 and 61 shall apply starting with the portion first transferred after this Act enters into force.

Article 4 (Applicability to income deductions)

(1) The amended provisions of Article 16 shall apply starting with the portion of contributions or investments first made after this Act enters into force.

(2) The amended provisions of Article 126-2 shall apply starting with the portion of payments by credit or debit cards first disbursed after the enforcement date of this Act. In this case, as regards the income deduction on the amount spent on credit cards, etc. from the date this Act enters into force to November 30, 1999, where the amount spent on credit cards, etc. exceeds 10/100 of the gross earned income during the same period, the amount equivalent to 10/100 of the excess amount (up to one million won) shall be deducted from the earned income for the relevant taxable year.

Article 5 (Applicability to equity investment tax deduction)

The amended provisions of Articles 27 and 62 shall apply starting with equity investments or acquisitions made first after this Act enters into force.

Article 6 (Applicability to special surtax deferment)

(1) The amended provisions of Articles 37, 47-2 and 49 shall apply starting with a merger first effected in the taxable year whereto belongs the date this Act enters into force.

(2) The amended provisions of Articles 38 and 42 shall apply starting with investments in kind made in the taxable year whereto belongs the date this Act enters into force.

(3) The amended provisions of Article 38-2 shall apply starting with investments in kind or transfers first effected after this Act enters into force.

(4) The amended provisions of Article 39 shall apply starting with the portion of a guaranteed liabilities first assumed or performed after this Act enters into force.

(5) The amended provisions of Article 44 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

(6) The amended provisions of Article 99 (1) shall apply starting with the portion first transferred on or after July 1, 1999.

Article 7 (Applicability to dividends of securities investment companies)

The amended provisions of Article 91-2 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 8 (Applicability to value-added tax, etc.)

(1) The amended provisions of Article 106 shall apply starting with the portion first supplied after this Act enters into force.

(2) The amended provisions of Articles 112-2 and 113 shall apply starting with the portion first shipped out of factories or bonded areas after this Act enters into force.

Article 9 (Applicability to securities transaction tax)

The amended provisions of Article 117 shall apply starting with stocks or equity shares first transferred after this Act enters into force.

Article 10 (Applicability to local municipal taxes)

The amended provisions of Articles 119 and 120 shall apply starting with the portion of registration or acquisition first effected after this Act enters into force.

Article 11 (Applicability to duplicate support elimination)

The amended provisions of Articles 127, 128, 132, 144, 145 and 146 shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 12 (Transitional measures)

(1) A small or medium enterprise subjected to the former provisions of Articles 6 and 63 at the time this Act enters into force shall be governed by the former provisions.

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(2) The acts performed by the Minister of Finance and Economy pursuant to the former provisions of Article 50 (2) 1 prior to the enforcement of this Act shall be deemed the acts performed by the Chairperson of the Financial Supervisory Commission.

(3) The addition to gross income of the reserves charged to deductible expenses pursuant to the former provisions of Articles 58 and 59 at the time this Act enters into force, and additional collection thereof, shall be governed by the former provisions.

(4) In applying the amendments to Article 87 (2), the former provisions shall apply to the savings deposited on or before December 31, 1998.

ADDENDA <*Act No. 6045, Dec. 28, 1999*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2000; provided, the amended provisions of Articles 14, 16, 41-2, 44, 48 (4), 86 (2), 104-2, 117 (1) 2-2 and the amended provisions of subparagraph 3 of Article 4 of the Act on Special Rural Development Tax among the amended provisions of Article 16 of these Addenda, shall enter into force on the day of its promulgation, while the amended provisions of Articles 50, 72 (1) 2, 3, and 7, Articles 74 and 84 (excluding those concerning the farmland improvement cooperatives and the Agriculture Infrastructure Corporation), subparagraphs 5 and 6 of Article 105 and Article 116 shall enter into force on July 1, 2000, and the amended provisions of subparagraph 4 of Article 4 and Article 5 of the Act on Special Rural Development Tax among the amended provisions of Articles 89, 89-2 and 90 and the amended Article 16 of these Addenda shall enter into force on January 1, 2001.

Article 2 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amended provisions concerning the capital gains tax and special surtax in this Act shall apply starting with the portion of a transfer first effected after this Act enters into force.

(3) The amended provisions concerning the value-added tax in this Act shall apply starting with the portion of goods or services first supplied or purchased after this Act enters into force.

(4) The amended provisions concerning the special consumption tax in this Act shall apply starting with the portion of taxable period first arriving after this Act enters into force.

(5) The amended provisions of the stamp tax of this Act shall apply starting with the portion of preparing the taxable documents, first made after this Act enters into force.

(6) The amended provisions concerning the customs in this Act shall apply starting with the portion of imports first declared after this Act enters into force.

Article 3 (Applicability to exemption of corporate restructuring cooperatives from capital gains tax)

The amended provisions of Articles 14 and 16 shall apply starting with the portion of equity investments in a corporate restructuring cooperative, or of acquisition of stocks or equity shares by such a cooperative during the taxable period in which the enforcement date of this Act falls.

Article 4 (Applicability to non-residents' income from securities transfer)

The amended provisions of Article 21 (3) shall apply starting with the portion of securities first transferred after this Act enters into force.

Article 5 (Applicability to special cases of taxation, etc. on investment in kind)

(1) The amended provisions of Article 38 shall apply starting with the portion of investments in kind first made after this Act enters into force.

(2) The amended provisions of Article 41-2 (1) and (2) shall apply starting with the portion of assets donated gratuitously during the business year first closed after this Act enters into force, and the amended provisions of the same Article (3) shall apply starting with the portion of assets first donated after the date on which a petition is filed for commencement of liquidation proceedings, etc.

(3) The amended provisions of Article 44 shall apply starting with the portion of liabilities exempted in the business year closing first after this Act enters into force; provided, the decreased liability excluded from adding to gross income and included in deductible expenses which satisfy the requirements under each subparagraph of former Article 44 (1) shall be governed by the former provisions.

(4) The amended provisions of Article 48 (4) shall apply starting with the portion of bad debt allowances charged to deductible expenses in the business year whereto belongs the date on which this Act enters into force.

(5) The amended provisions of Article 120 (5) 8 shall apply starting with the portion of stocks first acquired after this Act enters into force.

Article 6 (Applicability to special tax reductions or exemptions for corporations relocated outside Seoul Metropolitan Area)

(1) The amended provisions of Article 63-2 (2) shall apply starting with the portion of the taxable year whereto belongs the date on which a factory or head office is first relocated after this Act enters into force; provided, the same shall not apply where a site or building has been transferred prior to the enforcement of this Act, and such relocation is made after this Act enters into force.

(2) The amended provisions of Article 63-2 (3) and (4) shall apply starting with the portion of first transfer after this Act enters into force; provided, such portions are excluded where a relocation is made prior to the enforcement of this Act and a transfer is effected after this Act enters into force.

Article 7 (Applicability to tax-favored savings)

(1) The amended provisions of Article 86 (2) shall apply starting with the portion of tax-favored savings terminated or withdrawn in other forms than annuity payments in the taxable period whereto belongs the date on which this Act enters into force.

(2) The amended provisions of Article 89 shall apply starting with the portion of savings contracts first concluded after this Act enters into force.

(3) The amended provisions of Article 90-2 shall apply starting with the portion of savings contracts first concluded or terminated after this Act enters into force.

Article 8 (Applicability to subsidies to fishery business operators)

The amended provisions of Article 104-2 shall apply starting with the portion of subsidies granted or received in the taxable year whereto belongs the date on which this Act enters into force.

Article 9 (Applicability to value-added tax)

(1) The amended provisions of subparagraph 3-2 of Article 105 shall apply starting with the portion of adoption of donations first made to the State or local governments after this Act enters into force.

(2) The amended provisions of Article 107 shall apply starting with the portion of first supplied or purchased after this Act enters into force.

Article 10 (Applicability to securities transaction tax)

The amended provisions of Article 117 shall apply starting with the portion of stock certificates or equity shares first transferred after this Act enters into force.

Article 11 (Applicability to local taxes)

The amendments to Articles 119 and 120 shall apply starting with the portion first registered or acquired after this Act enters into force.

Article 12 (Transitional measures concerning tax-favored savings subjected to special cases of tax withholding at source)

(1) Persons who establish the tax-favored savings accounts as of December 31, 2000 under the former provisions of Article 89 (1) 1 (excluding where the amended provisions of Article 89-2 are applicable), 3 (excluding the national stocks trust), 4, 5, 6 or 8 shall be deemed the holders of tax-favored comprehensive savings accounts under the amended provisions of Article 89. Where the total contracted amount of said savings accounts exceeds the limit for tax-favored comprehensive savings under the amended provisions of Article 89 (1) 3, such excess portion shall also be deemed the tax-favored comprehensive savings no later than the expiration of the same savings. *<Amended on Dec. 29, 2000>*

(2) Any financial institutions handling the tax-favored comprehensive savings under paragraph (1) shall notify the tax-favored savings data center of the name and resident registration number by holder of the said savings account, and other particulars including the conclusion and termination of savings contracts, and right transfers no later than December 31, 2000. *<Amended on Oct. 21, 2000; Dec. 29, 2000>*

(3) Deleted. *<Dec. 29, 2000>*

Article 13 (Transitional measures concerning farmland improvement cooperatives, etc.)

In applying Article 84 (2), the use period of facilities by the former farmland improvement cooperatives or their national federation at the time this Act enters into force, shall be considered the period used by the Agriculture Infrastructure Corporation.

Article 14 (Transitional measures concerning household livelihood fund savings)

(1) The former Article 90 shall apply only to incomes accruing on or before December 31, 2000 from the household livelihood fund savings under the same Article.

(2) The amended provisions of Article 90-2 shall apply to the tax-favored savings data on the household livelihood fund savings under the provisions of former Article 90 (2).

Article 15 (Transitional measures concerning rental fees of social infrastructure facilities)

The former provisions shall apply to goods and services subjected to exemption from the value-added tax under the former Article 106 (1) 5 as at the time this Act enters into force.

Article 16 Omitted.

Article 17 (Applicability following amendments to other Acts)

The amended provisions of subparagraph 3 of Article 4 of the Act on Special Rural Development Tax in the amended provisions of Article 16 of these Addenda, shall apply starting with the taxable year whereto belongs the date this Act enters into force, and the amended provisions of subparagraph 4 of Article 4 and Article 5 of the same Act shall apply starting with the portion of a payment of income accruing after January 1, 2001.

Article 18 (Transitional measures following amendments to other Acts)

In the case of the reduction or exemption for the interest and dividend income accruing from the savings under the provisions of former Article 89 (1) 4 from among the amended provisions of subparagraph 4 of Article 4 of the Act on Special Rural Development Tax, the former provisions shall apply, not later than the expiry of the same savings, to the portion of opening an account for such savings until December 31, 2000.

ADDENDA <*Act No. 6054, Dec. 28, 1999*>

(1) (Enforcement date) This Act shall enter into force three months after the date of its promulgation.

(2) Omitted.

ADDENDA <*Act No. 6055, Dec. 28, 1999*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2000. (Proviso Omitted.)

Articles 2 through 20 Omitted.

ADDENDA <*Act No. 6073, Dec. 31, 1999*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 6136, Jan. 12, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force two months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 6194, Jan. 21, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

Article 4 Omitted.

ADDENDA <*Act No. 6273, Oct. 21, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the matters related to financial holding companies in the amended provisions of Articles 38, 52-2, 117, 119 and 120 shall enter into force on the date on which the Financial Holding Companies Act enters into force, while the amended provisions of Article 89 (2) shall enter into force on January 1, 2001.

Article 2 (Applicability to tax credit for improvement of bill system)

The amended provisions of Article 7-2 (1) shall apply starting with the portion first settled or issued after this Act enters into force; provided, the portion issued before the enforcement date of this Act shall be excluded in calculating the amount under paragraph (1) 2 of the same Article.

Article 3 (Applicability to special cases of taxation on corporate division)

The amended provisions of Articles 45-2 and 106 (3) shall apply starting with the portion of a corporate division effected first after this Act enters into force.

Article 4 (Applicability to special cases of taxation on incorporation of financial holding companies)

The amended provisions of Article 52-2 shall apply starting with the portion of stocks transferred or exchanged first after this Act enters into force.

Article 5 (Applicability to special cases of taxation on stock transfer margin, etc. of corporate restructuring investment companies)

The amended provisions of Article 55 (4) shall apply starting with the portion first transferred or dividend income first paid after this Act enters into force.

Article 6 (Applicability to special cases of taxation of corporate tax on merger of National Agricultural Cooperative Federation, etc.)

The amended provisions of Article 72-2 shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 7 (Applicability to inclusion in deductible expenses, etc. of donation)

(1) The amended provisions of Article 73 (1) 12 shall apply starting with the portion first disbursed after this Act enters into force.

(2) The amended provisions of Article 74 (1) 10 shall apply starting with the portion of taxable year whereto belongs the date this Act enters into force.

Article 8 (Applicability to non-taxation on livelihood savings, etc.)

The amended provisions of Article 88-2 shall apply starting with the portion of savings accounts first opened after this Act enters into force, and the amended provisions of Article 88-3 shall apply starting with the portion of income first paid after this Act enters into force.

Article 9 (Applicability to exemption of securities transaction tax for Korea Deposit Insurance Corporation)

The amended provisions of Article 117 (1) 8, 16 and 17 shall apply starting with the portion of stocks sold, transferred or exchanged first after this Act enters into force.

Article 10 (Applicability to exemption, etc. of registration tax)

The amended provisions of Article 119 (1) 18 through 20 and paragraph (6) of the same Article shall apply starting with the portion of registration first effected after this Act enters into force.

Article 11 (Applicability to exemption of acquisition tax)

The amended provisions of Article 120 (5) 8 and 11 shall apply starting with the portion of stocks or equity shares first acquired after this Acts enters into force.

Article 12 (Applicability to exclusion of reduction or exemption at time of estimated taxation)

The amended provisions of the text of Articles 128 (1), 132 (1) 3, 144 (1) and 145 (1) shall apply starting with the portion of taxable year whereto belongs the date this Act enters into force.

Article 13 Omitted.

Article 14 (Applicability following amendments to other Acts)

The amended provisions of Article 13 of these Addenda shall apply starting with the portion of income first paid after this Act enters into force.

ADDENDA <*Act No. 6297, Dec. 29, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2001; provided, the amended provisions of Articles 6, 72-2 (2) and 88-6 shall enter into force on its promulgation date, the portions concerning the donations in the amended provisions of Article 72 (1) and (4), on January 1, 2003, the amended provisions of Article

106-2, on January 1, 2002, and the amended provisions of Articles 121-2 (9), 121-5 (1) 1, (2) 1 and (3) 3, on February 1, 2001, respectively. *<Amended on Dec. 29, 2001>*

Article 2 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amended provisions concerning the capital gains tax and special surtax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amended provisions of the value-added tax of this Act shall apply starting with the portion of supply, or being supplied, of goods or services, or the portion of goods declared for import, first made after this Act enters into force.

(4) The amended provisions concerning the special consumption tax in this Act shall apply starting with the portion first shipped out of a manufacturing place or a bonded area, or declared for import after this Act enters into force.

Article 3 (Applicability of Tax Credits, etc. for Investments of Small or Medium Enterprises)

The amended provisions of Articles 5 (1), 24, 25 and 25-2 shall apply starting with the portion first invested after this Act enters into force.

Article 4 (Applicability to tax reduction on small or medium start-up enterprises)

The amended provisions of Article 6 shall apply starting with the taxable year whereto belongs the enforcement date of this Act.

Article 5 (Applicability to tax reduction or exemption on technology transfer income)

The amended provisions of Article 12 shall apply starting with the portion first transferred, leased, provided or acquired after this Act enters into force.

Article 6 (Applicability to non-taxation on stock transfer margin by small or medium start-up business investment companies)

The amended provisions of Article 13 (excluding paragraph (1) 3 of the same Article) and Article 14 shall apply starting with the portion of stocks or equity shares first acquired after this Act enters into force, and the amended provisions of Article 13 (1) 3 shall apply starting with the portion of stocks or equity shares first transferred after this Act enters into force.

Article 7 (Applicability to special cases of taxation on stock option)

The amended provisions of Article 15 shall apply starting with the portion of income accruing from exercising the stock option first granted after this Act enters into force.

Article 8 (Applicability to interest income from social infrastructure bonds)

The amended provisions of Article 29 shall apply starting with the portion of income first received after this Acts enters into force.

Article 9 (Applicability to payment of reduced or exempted capital gains tax and others, and amount equivalent to interest thereon)

The amended provisions concerning the payment of the reduced or exempt tax, and an amount equivalent to interest thereon in the amended provisions of Articles 33, 35 through 37, 40, 42, 46, 60, 61, 63-2, 66, 67, 70, 71, 77, 79 through 81, 82 and 83, shall apply starting with the portion for which the relevant cause first occurs after this Act enters into force.

Article 10 (Applicability to incorporation of holding companies due to investment in kind or exchange of stocks)

The amended provisions of Articles 38 and 38-2 shall apply starting with the portion of stocks invested in kind or exchanged first after this Act enters into force.

Article 11 (Applicability to special cases of taxation of corporate tax on transfer margin of land acquired for support of corporate restructuring)

The amended provisions of Article 43-2 shall apply starting with the taxable year whereto belongs the date on which the land, etc. are first transferred after this Acts enters into force.

Article 12 (Applicability to special cases of taxation on corporate division)

The amended provisions of Articles 45-2 and 106 (3) shall apply starting with the portion first divided or converted into equity investment after this Act enters into force.

Article 13 (Applicability to tax reduction or exemption on corporations relocated outside Seoul Metropolitan Life Zone or project executors in abandoned mine promotion zone)

(1) The amended provisions of Article 63-2 (excluding paragraph (7) of the same Article) shall apply starting with the portion of factories or head offices first relocated after this Act enters into force.

(2) The amended provisions of Article 64 (1) 2 shall apply starting with the portion of projects first started for locating in the abandoned mine promotion zone after this Act enters into force.

Article 14 (Applicability to investment of grassland in kind)

The provisions of Articles 66 (4) and 68 (2) shall apply starting with the portion of grassland first invested in kind to a agricultural partnership corporation or an corporation of agricultural business after this Act enters into force.

Article 15 (Applicability to special cases of taxation of corporate tax on National Agricultural Cooperatives Federation)

The amended provisions of Article 72-2 (2) shall apply starting with the taxable year whereto belongs the promulgation date of this Act.

Article 16 (Applicability to charging donation to deductible expenses)

The amended provisions of Article 73 shall apply starting with the portion first disbursed after this Act enters into force.

Article 17 (Applicability to special cases of taxation of gift tax imposition following dissolution of school corporation)

The amended provisions of Article 81-2 shall apply starting with the portion first determined after this Act enters into force.

Article 18 (Applicability to income deduction for pension savings)

(1) The amended provisions of Article 86 (2) and (6) shall apply starting with the portion of private pension savings accounts first transferred after this Act enters into force.

(2) The amended provisions of Article 86-2 shall apply starting with the portion of savings accounts first opened after this Act enters into force.

Article 19 (Applicability to tax-exempted savings and low-tax savings)

(1) The amended provisions of Article 87 shall apply starting with the portion of savings accounts first terminated after this Act enters into force.

(2) The amended provisions of Article 88-2 (1) shall apply starting with the portion of savings accounts first opened after this Act enters into force.

(3) The amended provisions of Articles 88-4 and 88-5 shall apply starting with the portion of dividend income first paid after this Act enters into force.

(4) The amended provisions of Article 88-6 shall apply starting with the portion of savings accounts first opened in the taxable year whereto belongs the promulgation date of this Act.

(5) The amended provisions of Article 89-3 shall apply starting with the portion of income first accruing after this Act enters into force.

(6) The amended provisions of Article 90-2 shall apply starting with the portion of tax-favored savings data for which a submission duty first effected after this Act enters into force.

(7) The amended provisions of Article 91-2 (1) shall apply starting with the portion of income first accrued and paid after this Act enters into force, and the amended provisions of paragraph (6) of the same Article shall apply starting with the portion of profits first distributed or the portion of payment made for repurchase after this Act enters into force.

(8) The amended provisions of Article 92 shall apply starting with the portion of income first paid after this Act enters into force.

Article 20 (Applicability to special cases of taxation of capital gains tax following transfer of houses for acquisition of newly-built houses)

The amended provisions of Article 99-2 shall apply starting with the portions first transferred on or after September 1, 2000.

Article 21 (Applicability to inclusion of treasury stock disposal loss reserves in deductible expenses)

The amended provisions concerning Article 104-3 in Articles 104-3 and 132 (1) 1 shall apply starting with the portion first reported after this Act enters into force.

Article 22 Deleted. <Dec. 29, 2001>

Article 23 (Applicability to exemption of stamp tax)

The amended provisions of Article 116 shall apply starting with the portion of taxable documents first prepared after this Act enters into force.

Article 24 (Applicability to abatement of customs)

The amended provisions of Article 118 (1) 10 shall apply starting with the portion first declared for import after this Act enters into force.

Article 25 (Applicability to exemption of registration tax and acquisition tax)

The amendments to Articles 119 and 120 shall apply starting with the portion first registered or acquired after this Act enters into force.

Article 26 (Applicability to foreigner's investment ratio in case of merger of foreign- invested enterprises)

The amended provisions of the latter part of Article 121-2 (2) shall apply starting with the portion of merger first effected after this Act enters into force.

Article 27 (Applicability to application for tax reduction or exemption after lapse of application period for foreign-invested enterprises)

The amended provisions of Article 121-2 (10) or 121-6 (3) shall apply starting with the portion first applied for tax reduction or exemption after this Act enters into force.

Article 28 (Applicability to elimination of overlapped support of capital gains tax)

The amended provisions of Article 127 (7) shall apply starting with the portion first applied for reduction or exemption of the capital gains tax or special surtax after this Act enters into force.

Article 29 (Special cases of exemption of value-added tax on retail business by organizations performing government affairs in proxy)

The exemption of value-added tax on "those prescribed by Presidential Decree among the items listed in subparagraph 6" in the text of former Article 106 (1) shall be applied only to the portions supplied not later than June 30, 2001, notwithstanding the former time limit applicable.

Article 30 Deleted. <Dec. 29, 2001>

Article 31 (Transitional measures concerning inclusion of business loss reserves in deductible expenses)

The amended provisions of Article 8-2 shall apply to small or medium enterprises, whose stocks are listed on the Korea Stock Exchange or registered with the Korea Securities Dealers Association (KOSDAQ) at the time this Act enters into force, by treating them as listed or registered on the date on which this Act enters into force.

Article 32 (Transitional measures concerning tax deduction on technology and manpower development expenses)

(1) The amended provisions of Articles 9 and 10 shall apply to the amount incurred, but not disbursed, among technology development reserves under the provisions of former Article 9 or technology and manpower development expenses under Article 10, by treating them as having incurred in the taxable year first commenced after this Act enters into force.

(2) The former provisions of subparagraphs 3 and 6 of Article 146 shall apply to the additional collection of amounts deducted under the former provisions of Articles 27, 27-2, 65 (2), 103 and 126 at the time this Act enters into force.

Article 33 (Transitional measures concerning inclusion of energy-saving facility investment reserves in deductible expenses)

The former provisions shall apply to the inclusion in gross income of the reserves charged to deductible expenses pursuant to the former provisions of Article 30 at the time this Act enters into force. In this case, the amended provisions of Article 4 (4) shall apply mutatis mutandis to the payment of additional amount equivalent to the interest on the amount added to gross income.

Article 34 (Transitional measures concerning additional collection of abated or exempted special surtax)

The former provisions shall apply to the additional collection of the special surtax or capital gains tax reduced or exempted pursuant to the former provisions of Articles 38-2 and 46-2 at the time this Act enters into force; provided, the amended provisions of Article 33 (2) and (4) shall apply mutatis mutandis in case where an event falling under any of the subparagraphs of former Articles 38-2 (3) and 46-2 (2) occurs after this Act enters into force.

Article 35 (Transitional measures concerning reduction or exemption of special surtax for support of corporate financial restructuring)

Notwithstanding the amended provisions of Article 37 (1), the amount equivalent to special surtax shall be exempted where land, etc. are transferred not later than December 31, 2001 according to a plan for improvement of financial structure or corporate improvement program approved under the former provisions of Article 37 (1) at the time this Act enters into force.

Article 36 (Transitional measures concerning special cases of taxation on corporate division)

Corporate improvement programs approved by the corporate restructuring committee under the former provisions of Article 45-2 at the time this Act enters into force shall be regarded as approved by the creditor financial institutions consultative council under this Act.

Article 37 (Transitional measures concerning tax reduction or exemption for Newly-built Hospitals in Poor medical service Area)

The former provisions shall, only for the remaining tax reduction period, apply to the clinics and general hospitals subject to the former provisions of Article 65 (1) at the time this Act enters into force.

Article 38 (Transitional measures concerning deposits in cooperatives)

(1) Account holders for deposit in cooperatives, etc. under the amended provisions of Article 89-3 as of December 31, 2004 shall be treated as having established a tax-favored comprehensive savings account under Article 89, but where the total sum of the said deposit and the contract amount of tax-favored comprehensive savings exceeds the limit of tax-favored comprehensive savings under Article 89 (1) 3, such excessive portions shall also be treated as the tax-favored comprehensive savings not later than the expiration of such deposit account.

(2) Financial institutions handling the deposits in cooperatives, etc. shall notify the tax-favored savings data center of the account holder's name, resident registration number, conclusion or termination of savings contracts, and details of rights transfer under Article 89 (2) not later than December 31, 2004.

Article 39 (Transitional measures concerning additional collection of abated or exempted special consumption tax)

The former provisions of Article 113 (1) shall apply to the additional collection of the special consumption tax exempted under the former provisions of subparagraphs 9 and 10 of Article 109 at the time this Act enters into force.

Article 40 (Transitional measures concerning exemption of registration tax and acquisition tax)

The former provisions of Articles 119 (1) 7 and 120 (1) 6 shall apply to the exemption of registration tax and acquisition tax on the assets acquired through a corporate division under the former provisions of Article 38-2 at the time this Act enters into force.

Article 41 (Transitional measures concerning elimination of overlapping tax deduction on energy-saving facility Investment)

The former provisions of Articles 127, 128, 132, 144 and 145 shall apply to the reduced or exempted tax under the amended provisions of Article 25-2 in the taxable years that start before an enforcement of this Act and end after an enforcement of this Act, by treating such tax as having been reduced or exempted under former Article 25.

Article 42 (Transitional measures concerning tax reduction or exemption for foreigners' investment)

In applying the amended provisions of Article 121-2 (10) or 121-6 (3), where applications for tax reduction or exemption are filed before this Act enters into force, but a decision on tax reduction or exemption or a verification of tax exemption has not been obtained not later than the date this Act enters into force, such applications for tax reduction or exemption and for tax exemption shall be regarded as having been filed on the date this Act enters into force.

Article 43 (Transitional measures concerning post management of taxes abated or exempted for small businesses)

The reduced or exempted tax amount (excluding the amount falling under each subparagraph of former Article 145 (4) and the text of former Article 145 (6)) subjected to the provisions of former Article 145 (1) and (6) at the time this Act enters into force for the small or medium corporations, shall be deemed to have been first reduced or exempted in the taxable year first commencing after the enforcement of this Act, but notwithstanding the amendments to Article 145 (5), it shall be used for an investment in the fixed assets or for repaying the borrowings not later than the end of the taxable year whereto belongs December 31. 2005. *<Amended on Dec. 29, 2001>*

ADDENDA *<Act No. 6299, Dec. 29, 2000>*

Article 1 (Enforcement date)

This Act shall enter into force on September 1, 2001.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 6305, Dec. 29, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2001.

Articles 2 through 8 Omitted.

ADDENDA <*Act No. 6312, Dec. 29, 2000*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2001. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 6372, Jan. 16, 2001*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 6480, May 24, 2001*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 106 (1) 4-2, 119 (6) shall enter into force on July 1, 2001, and the amended provisions of Article 106 (1) 4-3 on January 1, 2004.

Article 2 (Applicability to special cases for inclusion in losses of proper purpose business)

The amended provisions of Articles 74 (3) shall apply to the portion of incomes first accruing after the enforcement date of this Act.

Article 3 (Applicability to employee stock ownership dividend income and long-held stocks dividend income)

The amended provisions of Articles 88-4 and 91 shall be applied to the portion of incomes first paid after the enforcement date of this Act.

Article 4 (Applicability to special cases of taxation on electronic over-the-counter transactions)

The amended provisions of Article 104-4 shall be applied to the portion of transfer of stocks first made after the enforcement date of this Act.

Article 5 (Applicability to exemption of value-added tax)

The amended provisions of Article 106 shall be applied to the portion of services first provided after the enforcement date of this Act.

Article 6 (Applicability to exemption of securities transaction tax)

The amended provisions of Article 117 shall be applied to the portion of transfer of stocks first made after the enforcement date of this Act.

Article 7 (Applicability to exemption of registration tax)

The amended provisions of Article 119 shall be applied to the portion of establishment registration first made after the enforcement date of this Act.

ADDENDA <*Act No. 6501, Aug. 14, 2001*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Article 7-2 shall enter into force on November 1, 2001.

Article 2 (Applicability to Tax Deduction for Improvement of Bill System of Enterprises)

The amended provisions of Article 7-2 shall apply from the portion of first using the corporate card meant exclusively for paying business purchases on or after November 1, 2001.

Article 3 (Application example to special refund example by retroactive deduction of losses of small or medium business)

The portions related to the investment loss reserves among the amended provisions of Article 8-3 and of Article 55-2 shall apply from the portion of taxable year whereto belongs the date of promulgation of this Act.

Article 4 (Application example to temporary investment tax credit)

The amended provisions of Article 26 (2) through (4) shall apply from the portion of intermediate prepayment first made after the enforcement of this Act.

Article 5 (Application example to reduction or exemption of transfer tax or special surtax)

(1) The portions related to Article 94 (1) 3 of the Income Tax Act among the amended provisions of Article 55 (4), 55-2 (3) and 55-2 (4) and the amended provisions of Articles 56, 78 (1) 11 and 14 and 99-3 (1) shall apply from the portion first transferred after the enforcement of this Act.

(2) The amended provisions of Article 78 (2) shall apply from the portion first commencing the lease on or after May 7, 2001.

Article 6 (Application example to dividend income paid to investors in real estate investment company)

The portion related to the dividend among the amended provisions of Article 55-2 (4) shall apply from the portion of dividend first accruing after the enforcement of this Act.

Article 7 (Application example to non-taxation on high-income high-risk trust savings)

The amended provisions of Article 87-2 shall apply from the portion of savings first opened after the enforcement of this Act.

Article 8 (Application example to exemption of registration tax and acquisition tax)

(1) The amended provisions of Article 119 (1) and (7) shall apply from the portion of registration first filed after the enforcement of this Act.

(2) The amended provisions of Articles 119 (6) and 120 (4) shall apply from the portion of acquisition first made after the enforcement of this Act.

Article 9 (Application example to tax credit on increase of revenue amount)

The amended provisions of Article 122 shall apply to the portion of revenue amount by credit card for the taxable year whereto belongs the date of promulgation of this Act.

Article 10 (Application example to income deduction for amounts of using credit card, etc.)

The amended provisions of Article 126-2 (1) shall apply to the portion of using the credit cards or debit cards in the taxable year whereto belongs the date of promulgation of this Act.

Article 11 (Transitional measures concerning amounts using corporate cards meant exclusively for paying business purchases)

With respect to the amount using the corporate card meant exclusively for paying business purchases which have been used at the time of enforcement of the amended provisions of Article 7-2, the former provisions shall govern, notwithstanding the amended provisions of Article 7-2.

Article 12 (Transitional measures concerning reduction or exemption of special surtax following transfer of apartment-type factory)

Where the Small Business Corporation transfers on or before December 31, 2003 to the end-user occupants the apartment-type factory built by it on or before May 7, 2001 under the Industrial Placement and Factory Construction Act, the former provisions shall govern with respect to the reduction or exemption of special surtax, notwithstanding the amended provisions of Article 78 (1).

Article 13 (Transitional measures concerning reduction or exemption of capital gains tax on acquisitor of newly-built house)

Where any person has acquired a newly-built house under the former provisions of Article 99-3 (1) on or before May 23, 2001, and transfers the said house after the enforcement of this Act, the former provisions shall govern with respect to the reduction or exemption of capital gains tax and the calculation of revenue amounts subject to imposition of transfer tax, notwithstanding the amended provisions of Article 99-3 (1).

ADDENDA <*Act No. 6510, Aug. 14, 2001*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2002.

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 6519, Nov. 21, 2001*>

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to tax deduction and non-taxation on long-term stocks savings) The amended provisions of Article 87-3 shall be applicable from the portion of deposits paid in the taxable year whereto belongs the enforcement date of this Act.

ADDENDA <*Act No. 6538, Dec. 29, 2001*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2002; provided, the amended provisions of Articles 5-2,15 (1) and (2), 16 (3), 23 (1), 38 (3) through (5), 38-3, 45-2, 72-2 (2), 73 (1) 15, 74 (1) 12, 86-2 (10), 88-5 (2), 89 (1), 117 (1) 4 through 6, 10 and 18, 119 (1) 18, and 144 (2) shall enter into force on the date of its promulgation, the amended provisions of Article 106-2 (3) and (4) on July 1, 2002, and the amend provisions of Articles 106 (2) 2, 121-2 (excluding the portion concerning investment ratio of foreigners in the forepart of paragraph (2)), and 121-5 on January 1, 2003, respectively.

Article 2 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amendments relating to the capital gains tax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amended provisions of the value-added tax of this Act shall apply starting with the portion of supply, or being supplied, of goods or services, or the portion of goods declared for import, first made after this Act enters into force.

(4) The amended provisions of the special consumption tax and traffic tax of this Act shall apply starting with the portion of carried-out from the manufacturing place of bonded area, or the portion of import declaration, first made after this Act enters into force.

(5) The amended provisions of the stamp tax of this Act shall apply starting with the portion of preparing the taxable documents, first made after this Act enters into force.

(6) The amended provisions of the securities transaction tax of this Act shall apply starting with the portion of transferring the stocks or equity shares, first made after this Act enters into force.

(7) The amended provisions of the customs duties of this Act shall apply starting with the portion of import declaration, first made after this Act enters into force.

(8) The amended provisions of the acquisition tax and registration tax of this Act shall apply starting with the portion of acquisition or registration, first made after this Act enters into force.

Article 3 (Applicability of Tax Credits, etc. for Investments of Small or Medium Enterprises)

The amended provisions of Articles 5 (1), 11 (1), 24 (1) and 130 (excluding the portion concerning business places) shall apply starting with the investments made on or after September 3, 2001, which is the portion of tax base return (excluding a return after term under Article 45-3 of the Framework Act on National Taxes), first made after this Act enters into force.

Article 4 (Applicability of special taxation on supporting projects for informatization of small or medium enterprises)

The amended provisions of Article 5-2 shall apply from the taxable year in which the date of promulgation of this Act falls.

Article 5 (Applicability of tax reductions or exemptions for start-up small or medium enterprises)

The amended provisions of Article 6 (4) shall apply from the portion of commencing a business after this Act enters into force.

Article 6 (Applicability of tax credits for improving enterprises' note systems)

(1) The amended provisions of Article 7-2 shall apply from the portion of paying the purchase price by using an exclusive-use card for business purchase or by utilizing a loan system on security of credit sale claims, first made after this Act enters into force.

(2) The amended provisions of Article 7-3 shall apply from the portion of purchase first made after this Act enters into force.

Article 7 (Applicability of non-taxation on gains from transfer of stocks by specialized materials and components investment funds)

The amended provisions of Articles 13 and 14 (1) 6, (2), (4) 4 and (5) shall apply from the first acquisition of the stocks or equity shares or the dividend income distributed after this Act enters into force, and the amended provisions of Article 14 (1) shall apply from the first transfer of the stocks or equity shares, made after this Act enters into force.

Article 8 (Applicability of special taxation on stock options)

The amended provisions of Article 15 (1) and (2) shall apply from the portion of being granted in the taxable year whereto belongs the date of promulgation of this Act.

Article 9 (Applicability of income deductions for investments to small or medium enterprise start-up investment fund)

(1) The amended provisions of Article 16 (1) shall apply from the portion of contribution or investment fist made after this Act enters into force.

(2) The amended provisions of Article 16 (3) shall apply from the portion of contribution or investment in the taxable year whereto belongs the date of promulgation of this Act.

Article 10 (Applicability of special case of inclusion of transfer margin of international ships in deductible expenses)

(1) The amended provisions of Articles 23 (1), 38 (3) through (5) and 45-2 shall apply from the taxable year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Article 34 shall apply from the portion of business conversion first made after this Act enters into force.

Article 11 (Applicability of special taxation on investment in kind of stocks of foreign affiliates of domestic corporation)

The amended provisions of Article 38-3 shall apply from the portion of investment in kind in the business year whereto belongs the date of promulgation of this Act.

Article 12 (Applicability of special taxation on corporate restructuring specialization companies, etc.)

(1) The amended provisions of Article 55 (1) shall apply from the portion of transferring the stocks or equity shares or of being paid the dividend income, first made after this Act enters into force.

(2) The amended provisions of Article 55-2 (4) shall apply from the portion of lease income accruing in the business year commenced first after this Act enters into force. In this case, if the lease income first accrues before December 31, 2001, it shall apply only to the remaining reduction of exemption period.

Article 13 (Applicability of tax credits for small or medium enterprises relocating to area outside of Seoul Metropolitan Area and corporation relocating to outside of Seoul Metropolitan Life Zone)

The amended provisions of Articles 63 and 63-2 (1) shall apply to the portion of relocating a factory or main office, first made after this Act enters into force.

Article 14 (Applicability of special taxation for corporate tax on merger of National Agricultural Cooperatives Federation)

The amended provisions of Article 72-2 (2) shall apply from the portion of being paid in the business year whereto belongs the date of promulgation of this Act.

Article 15 (Applicability of special case of inclusion of donations and proper purpose business reserves in deductible expenses)

(1) The amended provisions of Article 73 (1) (excluding subparagraph 15) shall apply from the portion of disbursement first made after this Act enters into force.

(2) The amended provisions of Articles 73 (1) 15 and 74 (1) 12 shall apply from the portion of disbursement or of inclusion in deductible expenses in the taxable year whereto belongs the date of promulgation of this Act.

Article 16 (Applicability of income deductions of annuity savings)

The amended provisions of Article 86-2 (10) shall apply from the portion of payment in the taxable year whereto belongs the date of promulgation of this Act.

Article 17 (Applicability of special taxation on members of employee stock ownership association)

The amended provisions of Article 88-4 shall apply from the portion of contribution first made after this Act enters into force.

Article 18 (Applicability of special taxation on equity investments in cooperatives and tax-favored comprehensive savings)

The amended provisions of Articles 88-5 (2) and 89 (1) shall apply from the portion of incomes accruing in the taxable year whereto belongs the date of promulgation of this Act.

Article 19 (Applicability of exemption from securities transaction tax for stocks of electronic over-the-counter transactions)

(1) The amended provisions of Articles 117 (1) 4 through 6, 10 and 18 shall apply from the portion of transfer first made in the taxable year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Article 117 (1) 14 and (2) 3 shall apply from the portion of a decision or revision first made after this Act enters into force.

Article 20 (Applicability of exemption from local tax)

(1) The amended provisions of Article 119 (1) 18 shall apply from the portion of the business year whereto belongs the date of promulgation of this Act.

(2) The amended provisions of Articles 119 (1) 21, 22 and 120 (1) 17 and 18 shall apply from the portion of a registration or acquisition first made after this Act enters into force by the corporation first established after this Act enters into force.

Article 21 (Applicability of reduction of, or exemption from, corporate tax for foreign investments)

(1) The amended provisions of Articles 121-2 (excluding the portion concerning the ratio of foreign investments in the forepart of paragraph (2)) and 121-5 shall apply from the portion of foreign investments first reported after January 1, 2003.

(2) The portion concerning the ratio of foreign investments from among the amended provisions of the forepart of Article 121-2 (2) shall apply from the portion of investments first made after this Act enters into force.

Article 22 (Applicability of exclusion of tax reductions or exemptions for investments within Seoul Metropolitan Area)

The portion concerning business places from among the amended provisions of Article 130 (1) shall apply from the portion of commencing a business by newly installing a business place within the Seoul Metropolitan area or of installing by relocating the existing business place, first made after this Act enters into force.

Article 23 (Applicability of carried-over deduction of tax deduction amount)

The amended provisions of Article 144 (2) shall apply from the portion subjected to a deduction in the taxable year whereto belongs the date of promulgation of this Act.

Article 24 (Applicability of accumulation for business rationalization reserve)

(1) The amended provisions of Article 145 (5) shall apply from the portion of repayment of the borrowings first made after this Act enters into force.

(2) The amended provisions of Article 146 shall apply from the portion of revision first made after this Act enters into force.

Article 25 (Transitional measures concerning reduction or exemption of carried-over taxation and capital gains tax)

(1) With regard to the transfer subject to the carried-over taxation under former Article 2 (1) 6 at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended provisions of Article 2 (1) 6.

(2) With regard to the reduction or exemption, carried-over taxation, deferment of taxation and additional collection of capital gains tax and special surtax in the case of transfer of land, etc. under former Articles 33, 35 through 38, 42, 43, 46-2, 48, 50, 51, 55-2 (3), 56, 60, 61, 63-2, 69 through 71, 77 through 81, 82 through 85, 97 and 97-2, the former provisions shall govern.

(3) The reduction or exemption of capital gains tax for a person who has acquired on and before December 31, 1999 the real estate subject to reduction or exemption of capital gains tax or special surtax under the provisions of former Articles 36 (1), 37 (1) and 42 (1), shall be governed by the former provisions, notwithstanding the amended provisions of Article 43.

Article 26 (Transitional measures concerning tax reduction or exemption for business-converted small or medium enterprises)

With regard to a person subjected to former Article 34 (1) at the time of enforcement of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 34 (1).

Article 27 (Transitional measures concerning special cases of taxation on corporate restructuring securities investment company)

With regard to an inclusion in gross income of the securities investment loss reserves which have been included in deductible expenses under former Article 54 (1) and (2) at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended provisions of Article 54 (1) and (2).

Article 28 (Transitional measures concerning exemption of capital gains tax for self-cultivating farmland)

(1) With regard to an exemption of capital gains tax on the transfer of farmland subjected to an incorporation into other living area, commercial area or industrial area under the provisions of the Urban Planning Act, or to a designation of scheduled land substitution as other land than farmland before the disposition of land substitution under the Urban Development Act and other Acts, the former provisions shall govern, notwithstanding the amended provisions of the proviso of Article 69 (1).

(2) With regard to the integrated limit of reduction or exemption of capital gains in case where a resident has been subjected to reduction or exemption of capital gains tax on the capital gains (including the capital gains under paragraph (1)) accruing from the transfer of self-cultivating farmland under the amended provisions of Article 69 from January 1, 2002 to December 31, 2003, the former provisions shall govern, notwithstanding the amended provisions of Article 133 (2) and (3). In this case, the term "300 million won" in Article 133 (2) and (3) shall be read as "200 million won".

Article 29 (Transitional measures concerning reduction or exemption of apartment- style factory)

With regard to a resident subjected to a construction permit for building an apartment-style factory at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended

provisions of Article 78 (2) and (3).

Article 30 (Transitional measures concerning withholding tax on house purchase savings)

With regard to the house purchase savings subscribed not later than December 31, 2001 under former Article 89-2, the former provisions shall govern not later than the maturity of relevant savings contract, and with regard to the relevant interest incomes, they shall not be included in the tax base for global incomes, notwithstanding Article 14 of the Income Tax Act.

Article 31 (Transitional measures concerning income deduction for livestock industry)

(1) With regard to a national carrying on the livestock industry under former Article 101 (1) at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amended provisions of Article 101.

(2) Where a national carrying on the livestock industry is subjected to income deduction under paragraph (1), he or she shall not be subject to the special tax reduction or exemption for a small or medium enterprise under Article 7 and the tax credit for temporary investment under Article 26.

Article 32 (Transitional measures concerning additional collection of abated or exempted tax amount of special consumption tax)

(1) With regard to an exemption of special consumption tax on those imported from foreign countries as the domestic production under former subparagraphs 7, 8 and 13 of Article 109 is difficult, the former provisions shall govern only on the portion of being carried out from the bonded area, or of being declared for importation, not later than December 31, 2003.

(2) With regard to the additional collection of special consumption tax which has been subjected to, or is to be subjected to, an exemption under former Article 109 at the time of enforcement of this Act, the provisions of former Article 113 (1) and (3) shall govern.

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ADDENDA *<Act No. 6689, Apr. 20, 2002>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Article 121-13 shall enter into force on September 1, 2002.

Article 2 (Application example to special cases of taxation on incomes generated from domestic sources of non-residents related to 2002 FIFA World Cup)

The amended provisions of Article 104-5 shall apply from the portion of incomes paid first after the enforcement of this Act.

Article 3 (Application example to reduction or exemption of corporate tax on companies located in Jeju High-tech Science and Technology Complex)

(1) The amended provisions of Articles 121-8 (1) and 121-9 (2) shall apply from the taxable year whereto belongs the enforcement date of this Act.

(2) The amended provisions related to the acquisition tax and registration tax from among the amended provisions of Article 121-9 (3) shall apply from the portion of first acquisition after the enforcement of this Act, and the amended provisions related to the property tax shall apply to the portion of constituting the tax liability first after the enforcement of this Act. *<Amended on Jan. 5, 2005>*

Article 4 (Application example to special case of indirect tax on duty-free shops for nationals in Jeju-do)

(1) The amended provisions related to value-added tax from among the amended provisions of Article 121-13 shall apply from the portion of supplying the goods or receiving them or of filing an import declaration first after September 1, 2002.

(2) The amended provisions related to the special consumption tax, liquor tax and tobacco consumption tax from among the amended provisions of Article 121-13 shall apply from the portion of goods carried out from a manufacturing place or of filing an import declaration first after September 1, 2002.

Article 5 (Application example to special case of special consumption tax on golf courses within Jeju-do)

(1) The amended provisions of Article 121-14 (1) shall apply from the portion of admissions into a golf course first after the enforcement of this Act.

(2) The amended provisions related to the acquisition tax from among the amended provisions of Article 121-14 (2) shall apply from the portion of acquisition first after the enforcement of this Act, and the amended provisions related to the property tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act. *<Amended on Jan. 5, 2005>*

Article 6 (Application example to reduction or exemption of local tax on registration of international vessels)

The amended provisions related to the acquisition tax and local education tax from among the amended provisions of Article 121-15 shall apply from the portion of acquisition after the enforcement of this Act, and the amended provisions related to the property tax and joint facility tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act.

Article 7 (Application example to reduction or exemption of local tax on Jeju Free International City Development Center)

(1) The amended provisions related to the acquisition tax and registration tax from among the amended provisions of Article 121-16 (1) shall apply from the portion of acquisition after the enforcement of this Act, and the amended provisions related to the property tax, urban planning tax and joint facility tax shall apply from the portion of constituting the tax liability first after the enforcement of this Act. *<Amended on Jan. 5, 2005>*

(2) The amended provisions of Article 121-16 (2) shall apply from the portion of registration first after the enforcement of this Act.

ADDENDA <*Act No. 6705, Aug. 26, 2002*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 through 4 Omitted

ADDENDA <*Act No. 6708, Aug. 26, 2002*>

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation; provided, the amendments to Article 105 shall enter into force on January 1, 2003.

(2) (Application example) The amendments to Article 105 shall apply from the portion first provided or being provided after January 1, 2003, and the amendments to Article 106 shall apply from the portion first provided after the enforcement date of this Act.

ADDENDA <*Act No. 6762, Dec. 11, 2002*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2003; provided, the amendments to Articles 38-2 (3) 1 (proviso), 94 (4), 145 and 146 shall enter into force on the date of its promulgation, the amendment to Article 106-3 shall enter into force on July 1, 2003, and the amendment to Article 126-2 shall enter into force December 1, 2002.

Article 2 (General Applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amendments relating to the capital gains tax in this Act shall apply starting with the portion first transferred after this Act enters into force.

Article 3 (Applicability to Tax Reductions or Exemptions for Start-Up Small or Medium Enterprises)

The amendment to Article 6 shall apply starting with the portion first start-up or first confirmed as a venture business after this Act enters into force.

Article 4 (Applicability of Tax Credits to Improve Corporate Payment System including Negotiable Instruments)

The amendment to Article 7-2 (1) shall apply starting with the portion first settled, used or utilized after this Act enters into force.

Article 5 (Application example to special case, etc. on adding in deductible expenses for facilities to support small or medium enterprise)

The amendment to Article 8 shall apply starting with the portion first donated or transferred after this Act enters into force.

Article 6 (Application example to tax credit for investment in facilities for research and manpower development)

The amendments to Articles 11, 24, and 25-2 shall apply starting with the portion first invested after this Act enters into force.

Article 7 (Application example to special cases of taxation on income, etc. from technology transfer)

The amendment to Article 12 (2) shall apply starting with the portion first acquired after this Act enters into force.

Article 8 (Application example to special cases of taxation on investment in small or medium start-up business investment companies, etc.)

The amendment to Article 14 (2) shall apply starting with the portion first acquiring the stocks or equity shares after this Act enters into force.

Article 9 (Application example to special cases of taxation on foreign workers)

The amendment to Article 18-2 shall apply starting with the portion of incomes first accruing after this Act enters into force.

Article 10 (Application example to tax reduction or exemption on off-shore financial business)

The amendment to Article 21 (2) shall apply starting with the portion of paying or receiving the incomes first accruing after this Act enters into force.

Article 11 (Application example to carried-over taxation of capital gains tax for conversion into corporation)

The amendment to Article 32 (1) shall apply starting with the portion first invested in kind or transferring business after this Act enters into force.

Article 12 (Application example to special cases of taxation on establishment of holding company)

(1) The amendment to Article 38-2 (excluding the proviso of paragraph (3) 1) shall apply starting with the portion first invested in kind after this Act enters into force.

(2) The amendment to the proviso of Article 38-2 (3) 1 shall apply starting with the portion of taxable year whereto belongs the date of promulgation of this Act.

Article 13 (Application example to special cases of taxation on debt exemption gains of corporation granted decision on approval of reorganization program)

The amendment to Article 44 shall apply starting with the portion first subjected to debt exemption after this Act enters into force.

Article 14 (Application example to special cases of taxation of corporate tax on relocating corporate headquarters outside over concentration control region of Seoul Metropolitan Area)

The amendment to Article 61 shall apply starting with the portion first transferred in order to relocate the corporate headquarters outside the over concentration control region of the Seoul Metropolitan area after this Act enters into force.

Article 15 (Application example to tax reduction or exemption for small or medium enterprise relocated outside over concentration control region of Seoul Metropolitan Area)

(1) The amendment to Article 63 shall apply starting with the portion first commencing a business by moving the factory outside the overconcentration control region of the Seoul Metropolitan area after this Act enters into force.

(2) The amendment to Article 63-2 shall apply starting with the portion first commencing a business by moving the factory outside the Seoul Metropolitan area after this Act enters into force.

Article 16 (Application example to income deduction, etc. for annuity savings)

The amendment to Article 86-2 shall apply starting with the portion first receiving an annuity payment or terminating it after this Act enters into force.

Article 17 (Application example to special cases of taxation on members of employee stock ownership association)

The amendment to Article 88-4 (7) shall apply starting with the portion first acquiring the treasury stocks after this Act enters into force, and the amendment to paragraph (9) of the same Article shall apply starting with the portion of incomes first accruing after this Act enters into force.

Article 18 (Application example to special cases of taxation on ship investment companies)

The amendment to Article 91-3 shall apply starting with the portion first transferred or receiving dividends after this Act enters into force.

Article 19 (Application example to special cases of taxation on indirect tax amount paid overseas)

The amendment to Article 104-6 shall apply starting with the portion of revenue distribution first received after this Act enters into force.

Article 20 (Application example to application of zero rating of value-added tax)

(1) The amended provisions relating to value-added taxes in the amendments to Articles 105 (2), 106-2 and 106-3 shall apply starting with the portion first supplying or receiving the goods or services, or first declaring the import of goods, after this Act enters into force.

(2) The amended provisions relating to the special consumption tax and traffic tax in the amendment to Articles 106-2 shall apply starting with the portion first carried out from the manufacturing place or bonded area or first declaring an import after this Act enters into force.

Article 21 (Application example to exemption of securities transaction tax)

The amendment to Article 117 shall apply starting with the portion first transferred after this Act enters into force.

Article 22 (Application example to exemption of registration tax and acquisition tax)

The amendments to Articles 119 and 120 shall apply starting with the portion first registered or acquired after this Act enters into force.

Article 23 (Application example to income deduction for amounts spent on credit cards, etc.)

The amendment to Article 126-2 shall apply starting with the portion first using the credit cards, etc. after December 1, 2002.

Article 24 (Application example to exclusion from tax reduction or exemption for investment in overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 130 shall apply, starting with the portion that is first invested after the enforcement of this Act.

Article 25 (Application example to accumulation for business rationalization reserve)

(1) The amendment to Article 145 shall apply starting with the portion of receiving the reduction or exemption, etc. in the taxable year to which the promulgation date of this Act belongs.

(2) The amendment to Article 146 shall apply starting with the portion of causes for the additional collection first occurred after this Act enters into force.

Article 26 (Transitional measures concerning special cases of taxation of corporate tax on moving corporate factories and head office outside large cities and Seoul Metropolitan Area)

With respect to a corporation which has transferred the site and buildings of its factory or head office by December 31, 2003 in order to move its factory outside a large city or its head office outside the Seoul Metropolitan area under the former Articles 60 and 61 at the time of enforcement of this Act, the special cases of taxation of corporate tax may be applied under the former provisions, notwithstanding the amended provisions of Articles 60 and 61.

Article 27 (Transitional measures concerning tax reduction or exemption for small or medium enterprise relocated outside Seoul Metropolitan Area)

Where a small or medium enterprise concludes a contract for purchase of land and factory facilities located outside Seoul Metropolitan area, gets permission for building a new factory, or starts the substantial re-location of its factory facilities in the Seoul Metropolitan area outside such area not later than December 31, 2003 and has commenced its business activities not later than December 31, 2003 by moving all its factory facilities in the Seoul Metropolitan area outside such area under the former Article 63 at the time of enforcement of this Act, the tax reduction or exemption may be applied under the former provisions, notwithstanding the amended provisions of Article 63.

Article 28 (Transitional measures concerning special cases of taxation on donation)

The amount exceeding the limit of addition to deductible expenses which has not been added to deductible expenses under Article 73 (1) at the time of enforcement of this Act, the former provisions shall govern, notwithstanding the amendments to Article 73 (3) and (4).

Article 29 (Transitional measures concerning special cases of taxation of capital gains tax on acquisitors of newly-built houses)

(1) In case where a newly-built house for which a down payment has been made after first concluding a sales contract with the housing developer, or a house newly constructed by himself or herself for which the approval for use or inspection for use (including the approval for temporary use) has been given under the former Article 99 (1) or 99-3 (1) prior to the enforcement of this Act, is transferred after the enforcement of this Act, the former provisions shall apply to the reduction or exemption of the capital gains tax and the calculation of income amounts subject to imposition of capital gains tax, notwithstanding the amendments to Article 99 (1) or 99-3 (1). In this case, the standard for the deluxe house at the time of the date on which the down payment has been made after concluding a sales

contract, or the approval for use or inspection for use has been received for the house newly constructed by himself or herself.

(2) In case where the approval for use or inspection for use (including the approval for temporary use) has been received prior to June 30, 2003 for the newly-built house under Article 99-3 (1) 2, after undertaking the works on the relevant newly-built house prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amendment to Article 99-3 (1).

(3) In the case of a newly-built house for which a down payment has been made after a sales contract was first entered into with the housing developer, or a house newly constructed by himself or herself for which the approval for use or inspection for use (including the approval for temporary use) has been granted under former Article 99 (1) or 99-3 (1) prior to the enforcement of this Act, such house shall be deemed a newly-built house referred to in Article 99 (1) or 99-3 (1) and thus governed by Article 99 (2) or 99-3 (2). *<Added on Jan. 1, 2010>*

Article 30 (Transitional measures concerning special cases of taxation value-added tax on gold metals)

In applying the amendment to Article 106-3, with regard to a tax invoice delivered to a general taxable person for value-added tax after receiving the supply of gold metals prior to the enforcement date of this Act, it may be subject to a deduction as the input tax amount by applying Article 17 of the Value-Added Tax Act, notwithstanding the amendment to paragraph (3) of the same Article.

Article 31 (Transitional measures concerning deduction of income tax amount for small-scale businessman filing bona fide return)

In case where the tax base and tax amount of income tax or value-added tax have been corrected or re-corrected after the enforcement of this Act for the businessmen who have filed a bona fide return under the former Articles 123 and 125 at the time of enforcement of this Act, the former provisions shall apply, notwithstanding the amendments to Articles 123 and 125.

Article 32 (Transitional measures concerning exclusion from tax reduction or exemption for investment in Seoul Metropolitan Area)

With regard to the fixed business assets acquired by a national carrying on the business in other area than Seoul Metropolitan area as stipulated in the former Article 130 at the time of enforcement of this Act in order to use them at the relevant business place after the enforcement of this Act, the former provisions shall apply, notwithstanding the amendment to Article 130.

ADDENDA *<Act No. 6852, Dec. 30, 2002>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 18 Omitted.

ADDENDA *<Act No. 6867, May 10, 2003>*

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation.

(2) (Application example to opening of long-term stock savings) The amendment to Article 87-4 shall also apply to the savings opened at the time of enforcement of this Act. In this case, the relevant savings shall be deemed to have been opened on the enforcement date of this Act.

(3) (Application example to non-taxation on long-term stock savings) The amendment to Article 87-4 shall apply from the portion of incomes accruing first after the enforcement date of this Act.

ADDENDA *<Act No. 6916, May 29, 2003>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA *<Act No. 7003, Dec. 30, 2003>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2004; provided, the amended provisions of Articles 44 and 73 (3) shall enter into force on the date of its promulgation; the amended provisions of the main sentences of Articles 121-2 (2), (4) 1 and 2, and (5) 2 and 3, on January 1, 2005; and the amended provisions of Articles 126-2 (1) (limited to the portion related to Cash Receipts) and 126-3 (limited to the portion related to tax credit for the cases of Cash Receipt account settlement in paragraph (1)), on the date as set by Presidential Decree.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first commences after the enforcement of this Act.

(2) The amendments relating to the capital gains tax and securities transaction tax in this Act shall apply starting with the portion first transferred after this Act enters into force.

(3) The amendments relating to the gift tax in this Act shall apply starting with the portion first donated after this Act enters into force.

(4) The amendments relating to the value-added tax in this Act shall apply starting with the portion of goods or service first given or taken, or the portion of goods whose importation is first declared, after this Act enters into force.

(5) The amendments relating to the special consumption tax and traffic tax in this Act shall apply starting with the portion which is first carried out of the manufacturing place or bonded area, or whose importation is first declared, after this Act enters into force.

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(6) The amendments relating to the stamp tax in this Act shall apply starting with the taxation documents first prepared after this Act enters into force.

(7) The amendments relating to the customs duties in this Act shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amendments relating to the acquisition tax and registration tax in this Act shall apply starting with the portion which is first acquired or registered after this Act enters into force.

Article 3 (Applicability to tax reduction and exemption for small or medium start-up enterprises)

The amendments to Articles 6 (1) and (2), 64 (1), and 68 (1) shall apply with respect to the small or medium started-up enterprises incorporated or confirmed as venture businesses, the enterprises located in agro-industrial complexes, or the corporations of agricultural business incorporated, after this Act enters into force.

Article 4 (Applicability to special tax reduction or exemption for small or medium enterprises)

The amendments to Article 7 (1) 2 shall apply starting with the taxable year which first ends after this Act enters into force.

Article 5 (Applicability to temporary tax credit for overseas dispatch expenses)

The amendments to Article 10-2 shall apply with respect to the expenses for overseas training incurred after this Act enters into force.

Article 6 (Applicable Examples concerning Special Taxation on Stock Options)

The amendments to Article 15 (2) 4 shall apply with respect to the stock options exercised after this Act enters into force.

Article 7 (Applicability to special cases of taxation for foreign workers)

The amendments to Article 18-2 shall apply starting with the taxable year to which the enforcement date of this Act belongs.

Article 8 (Applicability to tax credit for investment in productivity improvement facilities)

The amendments to Article 24 (1) 1 and 2 shall apply with respect to the investments made after this Act enters into force.

Article 9 (Applicability to temporary investment tax deduction)

(1) The amendments to the proviso of Article 26 (1) shall apply with respect to the investments made on or after July 1, 2003; provided, with respect to the portion of investment which has commenced on or after July 1, 2000 and has not been completed as of July 1, 2003, the amendments to the proviso of Article 26 (1) shall also apply to the portion of investment made on or after July 1, 2003.

(2) In applying the amendments to the proviso of Article 26 (1), if the investment is not completed as of June 30, 2004, the portion of investment made by June 30, 2004 shall be deemed to be completed as of June 30, 2004.

(3) In applying the amendments to Article 26 (1), if a tax base return is made in accordance with the Income Tax Act or the Corporate Tax Act by applying the tax credit rate prior to the enforcement of this Act, the request for rectification may be made pursuant to Article 45-2 of the Framework Act on

National Taxes, or the carried-over deduction, pursuant to Article 144 of this Act.

Article 10 (Applicability to separate taxation on interest income from social infrastructure bonds)

The amendments to Article 29 shall apply with respect to the bonds issued after this Act enters into force.

Article 11 (Applicability to special cases of inclusion of depreciation cost in deductible expenses)

The amendments to Article 30 shall apply with respect to the fixed assets acquired, or in which an investment is commenced, on or after July 1, 2003, on which a tax base return (excluding the return after term provided in Article 45-3 of the Framework Act on National Taxes) is filed on or after the enforcement date of this Act; provided, with respect to a corporation for which the time limit of a tax base return under Article 60 of the Corporate Tax Act has already expired before the enforcement of this Act, such amendments shall apply, according to an application for special cases of the inclusion of depreciation cost in deductible expenses under the amendments to Article 30 (2), starting with the taxable year following the taxable year to which the date of acquisition or the date of commencement of investment concerned belongs.

Article 12 (Applicability to special cases of taxation on gains from debt exemption of sorporation subject to decision to approve reorganization program, etc.)

The amendments to Article 44 shall apply starting with the portion of debt exemption first made in the taxable year to which the promulgation date of this Act belongs.

Article 13 (Applicability to special cases of taxation on corporate stock exchange, etc. for strategic affiliation with venture business)

The amendments to Article 46-2 shall apply with respect to the stock exchange, etc. effected after this Act enters into force.

Article 14 (Applicability to special cases of taxation on succession to carried-over deficit at time of merger with venture business)

The amendments to Article 47-3 shall apply with respect to the tax base returns (excluding the return after term provided in Article 45-3 of the Framework Act on National Taxes) made after this Act enters into force.

Article 15 (Applicability to tax reduction or exemption for moving factories and corporate head offices outside overconcentration control region of Seoul Metropolitan Area)

The amendments to Articles 63 and 63-2 shall apply with respect to the moving of factories and head offices outside the overconcentration control region of the Seoul Metropolitan area or outside the Seoul Metropolitan area which is effected after this Act enters into force.

Article 16 (Applicability to special cases of taxation on contribution)

(1) The amendments to Article 73 (1) 2 shall apply with respect to the contributions made after this Act enters into force; provided, with respect to the Seoul National University Dental Hospital under the Establishment of Seoul National University Dental Hospital Act, such amendments shall apply starting with the portion of contributions first made after the said Act enters into force.

(2) The amendments to Article 73 (3) shall apply starting with the taxable year to which the promulgation date of this Act belongs.

Article 17 (Applicability to special cases of inclusion of reserves for business proper to specific purpose in deductible expenses)

The amendments to Article 74 (1) 1 and 3 shall apply with respect to the incomes accrued after this Act enters into force; provided, with respect to the Seoul National University Dental Hospital under the Establishment of Seoul National University Dental Hospital Act, such amendments shall apply starting with the portion of income first accrued after the said Act enters into force.

Article 18 (Applicability to special cases of taxation for stockholders of ship investment company)

The amendments to Article 87-5 shall apply with respect to the incomes accrued and paid on or after January 1, 2004.

Article 19 (Applicability to special cases of taxation on members of employee stock ownership association)

(1) The amendments to Article 88-4 (1) shall apply with respect to the contributions made after this Act enters into force.

(2) The amendments to Article 88-4 (5) shall apply with respect to the stocks withdrawn after this Act enters into force.

(3) The amendments to Article 88-4 (12) shall apply with respect to the contributions made after this Act enters into force.

Article 20 (Applicability to special cases of income tax exemption and tax withholding on dividend income concerning long-held stocks)

The amendments to Article 91 shall apply with respect to the dividend incomes paid after this Act enters into force.

Article 21 (Applicability to separate taxation on lottery prize income)

The amendments to Article 92 shall apply with respect to the incomes accrued and paid on or after January 1, 2004.

Article 22 (Applicability to tax credit for facility investment designed to promote employees' welfare)

The amendments to Article 94 shall apply with respect to the facility investments made after this Act enters into force.

Article 23 (Applicability to special cases of taxation on capital gains tax applicable to purchasers of rural or fishing village housing)

The amendments to Article 99-4 shall apply with respect to the general housing transferred on or after August 1, 2003.

Article 24 (Applicability to special cases of taxation with respect to foreign tax amount paid indirectly)

The amendments to Article 104-6 (1) shall apply with respect to the paid dividends received after this Act enters into force.

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Article 25 (Applicability to special cases of taxation with respect to urban improvement work association)

The amendments to Article 104-7 shall apply starting with the taxable year to which the enforcement date of this Act belongs; provided, the amendments to Article 104-7 (1) through (3) and (5) shall apply starting with the taxable year to which the promulgation date of this Act belongs.

Article 26 (Applicability to tax credit on electronic return)

The amendments to Article 104-8 shall apply with respect to the electronic tax returns filed after this Act enters into force.

Article 27 (Applicability to reduction and exemption of corporate tax for foreigner's investments)

The amendments to Articles 121-2 and 121-3 shall apply with respect to the applications for reduction of or exemption from corporate tax, etc. made after this Act enters into force.

Article 28 (Applicability to tax reduction or exemption application by foreign-invested enterprises located in Free Economic Zone)

(1) Where a foreign-invested enterprise that is located in a free economic zone as referred to in subparagraph 1 of Article 2 of the Act on Designation and Management of Free Economic Zones prior to the enforcement of this Act intends to be eligible for the reduction of or exemption from taxes under the amendments to the proviso of Article 121-2 (2), it shall file an application therefor not later than December 31, 2004, notwithstanding the main sentence of Article 121-2 (6).

(2) Where a foreign-invested enterprise which intends to be put under application of the amendments to Article 121-3 (2) makes an application for the reduction of or exemption from customs duties, which are already paid prior to the enforcement of this Act, during the period from the enforcement date of this Act to December 31, 2004, the corresponding amount shall be refunded.

Article 29 (Applicability to tax credit on increased revenue amounts)

The amendments to Article 122 (2) 2 shall apply starting with the taxable year to which the enforcement date of this Act belongs.

Article 30 (Applicability to income deduction for amounts drawn on credit cards, etc.)

The amendments to Article 126-2 (1) and (3) shall apply with respect to the amounts drawn on credit cards, etc. on or after December 1, 2003; provided, with respect to the income deduction for the amounts stated in the Cash Receipts, such amendments shall apply with respect to the Cash Receipts issued on or after the enforcement date of the amendments to Article 126-2 (1).

Article 31 (Applicability to value-added tax credits for cash receipt service operators)

(1) The amendments to Article 126-3 concerning tax credits on the installation of Cash Receipt issuing machines shall apply with respect to the issuance machines installed on or after January 1, 2004.

(2) The amendments to Article 126-3 concerning tax credits for the cases of Cash Receipt account settlement shall apply with respect to the Cash Receipts issued on or after the enforcement date of the amendments.

Article 32 (Applicability to exclusion from tax reduction or exemption for investment in overconcentration control region of Seoul Metropolitan Area)

The amendments to Article 130 shall apply with respect to the investments made after this Act enters into force.

Article 33 (Applicability to minimum tax)

The amendments to Article 132 (1) 1 and (2) 1 shall apply with respect to the tax base returns (excluding the return after term provided in Article 45-3 of the Framework Act on National Taxes) which are filed on or after the enforcement date of this Act.

Article 34 (Applicability to special cases of taxation for submarine mineral resources development)

The amendments to Article 140 (1) and (4) shall apply with respect to the submarine mineral resources development on which tax liability is established on or after the enforcement date of this Act.

Article 35 (Applicability to investment trust and investment company)

The amendments made according to the enforcement of the Act on the Business of Operating Indirect Investment Assets concerning investment trust, investment companies, etc. shall apply with respect to the investment trust, investment companies, etc. established or incorporated on or after the enforcement date of the said Act, and the investment trust, investment companies, etc. established or incorporated before the enforcement date of the said Act shall be governed by the former provisions.

Article 36 (Transitional measures concerning tax reduction or exemption for small or medium start-up enterprises)

With respect to the persons whose tax amount is reduced or exempted under the former Articles 6 (1) and (2), 64 (1), and 68 (1) at the time of entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions.

Article 37 (Transitional measures concerning special cases of taxation on income from transfer of technology)

With respect to income derived from the transfer, lending, or provision of secret technical processes or formulae under the former Article 12 (1) 2 at the time of entry into force of this Act, the former provisions shall apply until the contract period of such lending or provision ends, notwithstanding the amended provisions.

Article 38 (Transitional measures concerning tax reduction or exemption for small or medium enterprises relocated outside overconcentration control region of Seoul Metropolitan Area)

(1) With respect to the small or medium enterprises whose tax amount is reduced or exempted under the former Article 63 at the time of entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions.

(2) With respect to the corporations whose tax amount is reduced or exempted under the former Article 63-2 at the time of entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions.

(3) Where, at the time of the entry into force of this Act, a corporation starts the substantial relocation of itself outside the Seoul Metropolitan area in such a manner as commencing its business by relocating its factory and head office located in the overconcentration control region of the Seoul Metropolitan area outside such area, transferring, removing, or closing its factory and head office located in the overconcentration control region of the Seoul Metropolitan area, concluding a contract for transfer of its factory and head office located in the overconcentration control region of the Seoul Metropolitan area, or entering into a contract for purchase of its factory and head office or getting permission for the building of a new factory located outside the Seoul Metropolitan area, in order to put itself under the application of the former Article 63-2, the former provisions shall apply, notwithstanding the amended provisions.

Article 39 (Transitional measures concerning special cases of local tax for assistance in stability of employees' housing situation)

With respect to the persons whose acquisition tax, registration tax, and property tax are reduced or exempted under the former Article 100 (2) and (4) at the time of entry into force of this Act, the additional collection of such taxes shall be governed by the former provisions. *<Amended on Jan. 5, 2005>*

Article 40 (Transitional measures concerning reduction of or exemption from corporate tax for foreigner's investment)

With respect to the foreigner's investment for which the corporate tax, etc. is reduced or exempted under the former Article 121-2 at the time of entry into force of this Act, the former provisions shall apply in regard of the period of such reduction or exemption, notwithstanding the amended provisions of the main sentences of Article 121-2 (2), (4) 1 and 2, and (5) 2 and 3.

Article 41 (Transitional measures concerning special cases of taxation for submarine mineral resources development)

Carried-over losses incurred in any business year that starts within 10 years prior to the starting date of each business year under the former Article 140 (4) at the time of entry into force of this Act shall be governed by the former provisions, notwithstanding the amended provisions.

Article 42 (Transitional measures concerning carried-over deduction of tax credit)

The tax amount subject to deduction under the former Article 144 (1) at the time of entry into force of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 144 (1).

ADDENDA *<Act No. 7030, Dec. 31, 2003>*

Article 1 (Enforcement date)

This Act shall enter into force on March 1, 2004. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 7066, Jan. 20, 2004*>

(1) (Enforcement date) This Act shall enter into force on March 1, 2004.

(2) (Application example) The amendments to Articles 119 (1) and 120 (1) shall apply with respect to the portion of acquisition and registration made on or after the enforcement date of this Act.

ADDENDA <*Act No. 7191, Mar. 12, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 13 Omitted.

ADDENDA <*Act No. 7210, Mar. 22, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 16 Omitted.

ADDENDA <*Act No. 7216, Jul. 26, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions concerning the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first commences after the enforcement of this Act.

(2) The amended provisions concerning the value-added tax in this Act shall apply, starting with the portion of goods or services that is first supplied and rendered, or the portion of goods or services on which an import declaration is first filed after the enforcement of this Act.

Article 3 (Applicability to temporary deduction of tax amount for investment)

(1) The amended provisions of the proviso of Article 26 (1) of the Act shall apply, starting with the portion of investment that is made after July 1, 2004; provided, with respect to any investment that is in progress as of July 1, 2004 and such investment starts to be made after July 1, 2000, the amended provisions of the proviso of the same paragraph shall apply to the portion of investment that is made after July 1, 2004.

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(2) In the application of the amended provisions of the proviso of Article 26 (1), if any investment is not completed as of December 31, 2004, the portion of such investment that is made by December 31, 2004 shall be deemed to be completely made as of December 31, 2004.

Article 4 (Applicability to special case of period for deducting amount of loss carried forward for job-creating start-up enterprises)

The amended provisions of Article 30-3 shall apply, starting with the amount of loss that is incurred in the taxable year belonging to the date of the enforcement of this Act.

Article 5 (Applicability to deduction of amount of special tax for boosting employment)

The amended provisions of Article 30-4 shall apply, starting with the portion of the taxable year belonging to the date of the enforcement of this Act.

Article 6 (Applicability to non-taxation of livelihood savings for aged and handicapped)

The amended provisions of Article 88-2 (1) shall apply, starting with the portion of livelihood savings that are first subscribed after the date of the enforcement of this Act.

Article 7 (Applicability to special treatment in taxation for members of employee stock ownership association)

The amended provisions of Article 88-4 (13) shall apply, starting with the portion that is first transferred after the enforcement of this Act.

Article 8 (Applicability to exemption of value-added tax for security services of apartment houses)

The amended provisions of Article 106 (1) 4-2 and 4-3 shall apply, starting with the portion of the taxable period during which the tax base is returned after July 1, 2004.

Article 9 (Applicability to exemption of registration tax and acquisition tax)

The amended provisions of Articles 119 (3) 1 and 2 and 120 (3) shall apply, starting with the portion that is registered or acquired after July 1, 2004 and the amended provisions of Articles 119 (6) 3, 119 (7) and 120 (4) 3 shall apply, starting with the portion that is registered or acquired after the enforcement of this Act.

Article 10 (Applicability to reduction and exemption of property tax)

The amended provisions of Article 121 shall apply, starting with the portion that is acquired after July 1, 2004.

Article 11 (Applicability to minimum tax)

The amended provisions of Article 132 (2), with the exception of each subparagraph thereof, shall apply, starting with the portion on which a final return on the tax base is filed after the enforcement of this Act.

Article 12 (Transitional measures concerning limit on non-taxation of livelihood savings for aged and handicapped)

The amended provisions of Article 88-2 (1) shall apply to the portion of livelihood savings that are subscribed pursuant to the former provisions of Article 88-2 (1), beginning on the date of the enforcement of this Act.

Article 13 Omitted.

ADDENDA <*Act No. 7220, Oct. 5, 2004*>

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to reduction or exemption of tax amount for small or medium start-up enterprises) The amended provisions of Article 6 shall begin to apply to a start-up business on and after July 1, 2004.

(3) (Applicability to special case of taxation for contribution) The amended provisions of Article 73 shall begin to apply to the portion disbursed in the taxable year whereto belongs the date of enforcement of this Act.

(4) (Applicability to inclusion of cultural business reserve in deductible expenses) The amended provisions of Article 104-9 shall begin to apply to the portion to be included in deductible expenses in the taxable year whereto belongs the date of enforcement of this Act.

ADDENDA <*Act No. 7240, Oct. 22, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 7281, Dec. 31, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2005. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 7284, Dec. 31, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 7311, Dec. 31, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation; provided, the amended provisions of Article 13 of Addenda shall enter into force on the date of its promulgation.

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Articles 2 through 16 Omitted.

ADDENDA <*Act No. 7322, Dec. 31, 2004*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2005; provided, the amended provisions falling under each of the following subparagraphs shall enter into force on the date that is set in the relevant subparagraph:

1. The amended provisions of Articles 63-2, 72, 92, 105 (1) 3 (d) and 106 (1) 7 shall enter into force on the date of its promulgation;

2. The amended provisions of Article 106-3 shall enter into force on April 1, 2005;

3. The amended provisions of Articles 55-2, 119 (6) and (7) and 120 (4) 1 (limited to the portion of the real estate investment company) shall enter into force on April 23, 2005;

4. The amended provisions of Articles 121-2 (limited to the portion of the enterprise city development zone and the enterprise city development project undertaker), 121-17, 121-18 and 121-19 shall enter into force on the date on which the Special Act on the Development of enterprise Cities enters into force.

Article 2 (Applicability to tax credit for purchase of small or medium enterprise management consulting coupons)

The amended provisions of Article 5-3 shall apply, starting with the portion of the small or medium enterprise management consulting coupons that are first purchased and furnished after the enforcement of this Act.

Article 3 (Applicability to amount of tax reduction or exemption for small or medium start-up enterprises)

The amended provisions of Article 6 shall apply, starting with any small or medium enterprise that is first incorporated after the enforcement of this Act.

Article 4 (Applicability of Tax Credits to Improve Corporate Payment System including Negotiable Instruments)

The amended provisions of Article 7-2 shall apply, starting with the portion of the bill that is first settled, used or utilized after the enforcement of this Act.

Article 5 (Applicability to inclusion of investment and loan loss reserve in deductible expenses)

The amended provisions of Article 17 shall apply, starting with the portion of causes for inclusion in the gross income that first occurs after the enforcement of this Act.

Article 6 (Applicability to tax credit for investment in productivity increase facilities)

The amended provisions of Article 24 shall apply, starting with the portion of cost that is first incurred after the enforcement of this Act.

Article 7 (Applicability to tax credit for investment in environment or safety facility and equipment)

The amended provisions of Article 25 shall apply, starting with the portion of investment that is first made after the enforcement of this Act.

Article 8 (Applicability to Tax Credit for Energy-Saving Facility Investment)

The amended provisions of Article 25-2 shall apply, starting with the portion of investment that is frist made after the enforcement of this Act.

Article 9 (Applicability to temporary and special tax reduction or exemption for relocation of factories and head offices of corporations to areas other than Seoul Metropolitan Area)

The amended provisions of Article 63-2 shall apply, starting with the portion of any head office that is first relocated from the overconcentration control region of Seoul Metropolitan area to any area other than the Seoul Metropolitan area during the taxable year whereto belongs the date on which this Act is promulgated.

Article 10 (Applicability to special case of taxation of corporate tax on partnership corporation)

The amended provisions of Article 72 shall apply, starting with the taxable year whereto belongs the date on which this Act is promulgated.

Article 11 (Applicability to special case of including political funds in deductable expenses)

The amended provisions of Article 76 shall apply, starting with the portion of any political fund that is first contributed after the enforcement of this Act.

Article 12 (Applicability to special case of taxation of capital gains tax on real estate used for public projects in designated areas)

The amended provisions of Article 85 shall apply, starting with the portion for which the deadline for a final tax return of the tax base on the capital gains first arrives after the enforcement of this Act.

Article 13 (Applicability to persons eligible for livelihood savings)

The amended provisions of Article 88-2 (1) shall apply, starting with the livelihood savings that are first subscribed after the enforcement of this Act.

Article 14 (Applicability to non-taxation of dividend income for members of employee stock ownership association)

The amended provisions of Article 88-4 (8) through (10) shall apply, starting with the portion of the dividend income that is first paid after the enforcement of this Act.

Article 15 (Applicability to lowering of tax rate for tax-favored comprehensive savings)

The amended provisions of Article 89 shall apply, starting with the portion of income that first accrues after the enforcement of this Act.

Article 16 (Applicability to additional tax levied due to failure to furnish tax-favored data)

The amended provisions of Article 90-2 shall apply, starting with the portion of savings that are first subscribed after the enforcement of this Act.

Article 17 (Applicability to separate taxation on income accruing from lottery prize)

The amended provisions of Article 92 shall apply, starting with the portion of lottery prize won in the taxable year whereto belongs the date on which this Act is promulgated.

Article 18 (Applicability to tax credit for cost of cargo transportation commissioned by making use of joint computer network)

The amended provisions of Article 104 shall apply, starting with the portion of cost that is first incurred after the enforcement of this Act.

Article 19 (Applicability to tax credit on information return)

The amended provisions of Article 104-5 shall apply, starting with the portion that is first furnished after the enforcement of this Act.

Article 20 (Applicability to tax credit for electronic return on value-added tax)

The amended provisions of Article 104-8 (2) shall apply, starting with the portion of any electronic return that is first made after the enforcement of this Act.

Article 21 (Applicability to tax withheld at source for special case of taxation on personnel company)

The amended provisions of Article 104-11 (2) shall apply, starting with the portion of any dividend that is paid by the personnel company applicable to the special case of taxation after the enforcement of this Act.

Article 22 (Applicability to application of zero rate to urban railroad construction services rendered directly to Korea Rail Network Authority)

The amended provisions of Article 105 (1) 3 (d) shall apply, starting with the portion of construction services that are rendered directly to the Korea Rail Network Authority after a contract is concluded prior to the enforcement of this Act.

Article 23 (Applicability to application of zero rate to urban railroad construction services rendered directly to under-takers of urban railroad private investment projects)

The amended provisions of Article 105 (1) 3 (e) shall apply, starting with the portion of the value-added tax that is determined, corrected or re-corrected for any project undertaker who enters into an implementation agreement with the competent administrative agency in accordance with the Act on Private Participation in Infrastructure prior to the enforcement of this Act.

Article 24 (Applicability to exemption from value-added tax for reversion of railroad facilities to state)

The amended provisions of Article 106 (1) 7 shall apply, starting with the portion of railroad facilities that revert to the State during the taxable year whereto belongs the date on which this Act is promulgated.

Article 25 (Applicability to relief for payable tax amount of value-added tax by general taxicab business operators)

The amended provisions of Article 106-4 shall apply, starting with the portion of the taxation period during which the return of the tax base is filed after the enforcement of this Act.

Article 26 (Applicability to exemption from registration tax and acquisition tax for real estate investment companies)

The amended provisions of Articles 119 (6) and (7) and 120 (4) 1 (limited to the portion related to the real estate investment company) shall apply, starting with the portion that is registered or acquired after

April 23, 2005.

Article 27 (Applicability to reduction and exemption of corporate tax for foreigner's investments)

(1) The amended provisions of Articles 121-2 (excluding the portion concerning any enterprise city development zone and any enterprise city development project undertaker) and 121-3 shall apply, starting with the portion of foreigner's investment that is first reported after the enforcement of this Act; provided, with respect to any foreign-invested enterprise that is already located in any foreign investment zone provided for in Article 18 (1) 1 of the Foreign Investment Promotion Act, the amended provisions shall apply, starting with the portion of any foreign investment that is reported in order to increase its capital after the enforcement of this Act.

(2) The amended provisions of Article 121-2 (limited to the portion concerning any enterprise city development zone and any enterprise city development project undertaker) shall apply, starting with the portion of any foreigner's investment that is reported after the enforcement of the Special Act on the Development of enterprise Cities that is enacted in accordance with Act No. 7310.

Article 28 (Applicability to additional collection of tax)

The amended provisions of Article 121-5 shall apply, starting with the portion of any foreigner's investment that is first reported after the enforcement of this Act.

Article 29 (Applicability to income deduction on used amount of credit cards)

The amended provisions of Article 126-2 shall apply, starting with the portion of any amount that is spent by making use of any credit card, etc. after December 1, 2004; provided, with respect to the portion of any amount that is spent by making use of Cash Receipt, the amended provisions shall apply, starting with the portion of any amount that is spent after January 1, 2005.

Article 30 (Applicability to exclusion of reduction and exemption when estimated tax is levied)

The amended provisions of Article 128 (3) shall apply, starting with the portion of an amended tax return that is made after the enforcement of this Act.

Article 31 (Applicability to exclusion of tax reduction or exemption from investment in overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 130 shall apply, starting with the portion that is first invested after the enforcement of this Act.

Article 32 (Applicability to additional collection of reduced and exempted tax amount)

The amended provisions of Article 146 shall apply, starting with the portion of a disposition taken to additionally collect the reduced and exempted tax amount after the enforcement of this Act.

Article 33 (General applicability)

(1) The amended provisions governing the income tax and the corporate tax in this Act shall apply, starting with the portion of the taxable year that first begins after the enforcement of this Act.

(2) The amended provisions governing the value-added tax in this Act shall apply, starting with the portion of goods or services that anyone first supplies or are first supplied or goods on which an import declaration is first filed after the enforcement of this Act.

(3) The amended provisions governing the stamp tax in this Act shall apply, starting with the portion of a taxation document that is first prepared after the enforcement of this Act.

(4) The amended provisions governing the capital gains tax and the securities transaction tax in this Act shall apply, starting with the portion that is first transferred after the enforcement of this Act.

(5) The amended provisions governing the inheritance tax and the gift tax shall apply, starting with the portion that is first inherited or gifted after the enforcement of this Act.

(6) The amended provisions governing the registration tax, the acquisition tax, the property tax and the aggregate land tax in this Act shall apply, starting with the portion that is first registered or acquired after the enforcement of this Act.

(7) The amended provisions governing the special consumption tax and the traffic tax in this Act shall apply, starting with the portion of taxable goods that are first shipped out of factory, an import declaration is filed on them or the act of accessing such taxable goods is performed after the enforcement of this Act.

Article 34 (Transitional measures concerning temporary and special tax reduction or exemption for relocating head offices of corporations to areas other than Seoul Metropolitan Area)

(1) The former provisions of Article 63-2 shall apply to any corporation that relocates its head office from the overconcentration control region of Seoul Metropolitan area to any other area in order to make it subject to the application of the former provisions of Article 63-2 prior to the taxable year whereto belongs the date on which this Act is promulgated, notwithstanding the amended provisions of Article 63-2.

(2) In case where any corporation transfers, removes or shuts down its head office located in the overconcentration control region of Seoul Metropolitan area or shifts the purpose of its head office to other purpose or concludes a contract for transferring its head office located in the overconcentration control region of Seoul Metropolitan area or for purchasing its head office in an area other than the Seoul Metropolitan area prior to the taxable year whereto belongs the date on which this Act is promulgated in order to make it subject to the application of the former provisions of Article 63-2 and such corporation fails to relocate its head office prior to the taxable year whereto belongs the date on which this Act is promulgated, the former provisions may apply to such corporation, notwithstanding the amended provisions of Article 63-2.

(3) Where any corporation relocates, transfers, removes or shuts down its head office located in the overconcentration control region of Seoul Metropolitan area or shifts the purpose of its head office to other purpose or concludes a contract for transferring its head office located in the overconcentration control region of Seoul Metropolitan area or for purchasing its head office in an area other than the Seoul Metropolitan area or actually starts relocating its head office to a rural area in the taxable year whereto belongs the date on which this Act is promulgated in order to make it subject to the application of the former provisions of Article 63-2, the former provisions may apply to such corporation, notwithstanding the amended provisions of Article 63-2.

(4) Where any corporation is subject to the application of the tax reduction or exemption provided for in the former provisions or the amended provisions in accordance with paragraph (2) or (3), either of the chosen provisions shall continue applying to the relevant corporation during the tax reduction or exemption period.

ADDENDA <*Act No. 7332, Jan. 5, 2005*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 7428, Mar. 31, 2005*>

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 7577, Jul. 13, 2005*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special tax amount reduction on small or medium enterprise operating construction wastes treatment business)

The amended provisions of Article 7 (1) 1 (zc) shall apply, starting with the incomes accruing in the taxable year whereto the enforcement date of this Act belongs.

Article 3 (Applicability to inclusion of business loss reserves in deductible expenses for KOSDAQ-listed small or medium enterprise)

The amended provisions of Article 8-2 shall apply, starting with the small or medium enterprise listed in the taxable year whereto the enforcement date of this Act belongs.

Article 4 (Applicability to nontaxation on stock transfer margins)

(1) The amended provisions of Articles 13 (1) and (2) and 14 (1) and (2) shall apply, starting with the stocks or equities transferred first after the enforcement of this Act.

(2) The amended provisions of Article 14 (4) and (5) shall apply, starting with the dividends income or interests income paid first after the enforcement of this Act.

Article 5 (Applicability to income deduction on investments to Korea Venture Business Investment Association)

The amended provisions of Articles 16 (1) 1 shall apply, starting with the portion of the contribution or investment made first after the enforcement of this Act.

Article 6 (Applicability to special cases of taxation on dividends of investment company)

(1) The amended provisions of Article 91-2 (1) 4 shall apply, starting with the investment company established first after the enforcement of this Act.

(2) With regards to the investment company established before the enforcement of this Act, the amended provisions of Articles 91-2 (1) 4 shall apply, starting with the dividend incomes accrued after the settlement day coming first after the enforcement of this Act.

Article 7 (Applicability to special cases of taxation on dividend income of stocks of social fundamental facilities investment and lending company)

The amended provisions of Article 91-4 shall apply, starting with the dividend incomes accrued first after the enforcement of this Act.

Article 8 (Applicability to application of zero tax rate of value-added tax rate on private investment business)

The amended provisions of Article 105 (1) 3-2 shall apply, starting with the social fundamental facilities provided to the State or local governments by the mode under subparagraph 2 of Article 4 of the Act on Public-Private Partnerships in Infrastructure or the construction services of the same facilities first after the enforcement of this Act.

Article 9 (Applicability to special cases of taxation of value-added tax on gold bullion)

The amended provisions of Article 106-3 (1) and (2) shall apply, starting with the portions of provisions or receiving such provisions during the taxation period whereto belongs the enforcement date of this Act, or of the import declaration.

Article 10 (Applicability to special cases of purchase value-added tax deduction on recycled waste resources)

The amended provisions of Article 108 (1) shall apply, starting with the portions acquired in the taxation period whereto belongs the enforcement date of this Act.

Article 11 (Transitional measures concerning inclusion of business loss reserves in deductible expenses for stock-listed corporation)

The former provisions shall govern the inclusion in the pecuniary loss or profits in calculating the revenue amount of the small or medium enterprise subjected to the provisions of former Article 8-2 before the enforcement of this Act.

Article 12 (Transitional measures concerning special cases of taxation on dividends of investment company)

The former provisions shall govern the investment company established prior to the enforcement of this Act and provided its existence period on the articles of association (excluding the case of extending its existence period) under Article 37 (2) of the Indirect Investment Asset Management Business Act, and which do not issue the additional stocks, notwithstanding the amended provisions of Article 91-2 (1) 4.

ADDENDA *<Act No. 7601, Jul. 13, 2005>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2006. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA *<Act No. 7678, Aug. 4, 2005>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 12 Omitted.

ADDENDA *<Act No. 7775, Dec. 29, 2005>*

Article 1 (Enforcement date)

This Act shall enter into force 4 months after the date of its promulgation; provided, …

Articles 2 through 5 Omitted.

ADDENDA *<Act No. 7839, Dec. 31, 2005>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2006; provided, the amended provisions of Articles 15 (3), 118 (1) 1 and 3 and 127 (8) shall enter into force, beginning on the date of its promulgation.

Article 2 (General Applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions of this Act concerning the value-added tax shall apply starting with the portion of goods or services first supplied or purchased, or goods declared for import after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

Article 3 (Applicability to reduction or exemption of special tax amount of small or medium enterprises)

The amended provisions of Article 7 shall apply, starting with the portion of the taxable year that comes to an end after the enforcement of this Act.

Article 4 (Applicability to tax reduction or exemption for improving bill system of enterprises)

The amended provisions of Article 7-2 (1) shall apply, starting with the portion that is first settled, used or utilized after the enforcement of this Act.

Article 5 (Applicability to non-taxation of marginal profits from transfer of stocks by small or medium start-up business investment companies)

The amended provisions of Article 13 (1) through (3) shall apply, starting with the portion of stocks or equities that are first transferred or the dividend income that is first paid after the enforcement of this Act.

Article 6 (Applicable Examples concerning Special Taxation on Stock Options)

The amended provisions of Article 15 (3) shall apply, starting with the portion of the taxable year to which the date on which this Act enters into force belongs.

Article 7 (Applicability to inclusion of marginal profits from transfer of international ships)

(1) The amended provisions of Article 23 (1) shall apply, starting with the portion that is first transferred after the enforcement of this Act.

(2) The amended provisions of the latter part of Article 23 (3) shall apply, starting with the portion that is first included in the gross income after the enforcement of this Act.

Article 8 (Applicability to Tax Credit for Energy-Saving Facility Investment)

The amended provisions of Article 25-2 shall apply to the investments made after this Act enters into force.

Article 9 (Applicability to special case of taxation on business conversion of small or medium enterprises)

The amended provisions of Article 33 shall apply, starting with the portion of the fixed assets for the business used before the conversion which is first transferred after the enforcement of this Act.

Article 10 (Applicability to special case of taxation on financial obligations that are met by small or medium enterprises)

(1) The amended provisions of Article 34 (1) and (4) shall apply, starting with the portion that a small or medium enterprise is first exempted from obligations or which a financial institution first exempts obligations after the enforcement of this Act.

(2) The amended provisions of Article 34 (2) shall apply, starting with the portion of the real estate for business that is first transferred after the enforcement of this Act.

Article 11 (Applicability to special case of taxation on incorporation of holding companies by means of in-kind investment, exchange or transfer of stocks)

The amended provisions of Article 38-2 shall apply, starting with the portion of the holding company that is first incorporated by means of all-inclusive transfer of stocks after the enforcement of this Act.

Article 12 (Applicability to special case of taxation of corporate tax on donations of assets by stockholders of small or medium enterprises)

(1) The amended provisions of Article 41 (1) shall apply, starting with the portion of assets that is gratuitously granted for the first time after the enforcement of this Act.

(2) The amended provisions of Article 41 (2) shall apply, stating with the portion of the real estate that is transferred for the first time after the enforcement of this Act.

Article 13 (Applicability to special case of taxation on transfer of overlapping assets following merger)

The amended provisions of Article 47-4 shall apply, starting with the portion that is first merged (including merger after division) after the enforcement of this Act.

Article 14 (Applicability to special case of taxation of corporate tax on relocation of factories to area other than big city)

The amended provisions of Article 60 (2) shall apply, starting with the portion of the factory that is first relocated after the enforcement of this Act.

Article 15 (Applicability to special case of taxation of corporate tax on relocation of corporation's head office to area other than overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 61 (3) shall apply, starting with the portion of the corporation's head office that is first relocated after the enforcement of this Act.

Article 16 (Applicability to tax credit for small or medium enterprise that are relocated to area other than overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall apply, starting with the portion that is first relocated after the enforcement of this Act.

Article 17 (Applicability to temporary and special tax credit for relocation of factories and head offices of corporations to area other than Seoul Metropolitan Area)

The amended provisions of Article 63-2 shall apply, starting with the portion of the factory or the head office of any corporation, which is first relocated after the enforcement of this Act.

Article 18 (Application example and special applicability to special case of taxation on donations)

(1) The amended provisions of Article 73 shall apply, starting with the portion that is disbursed in the taxable year that first commences after the enforcement of this Act.

(2) In the application of the amended provisions of the forepart of Article 73 (1) with the exception of each subparagraph, with respect to the portion that is disbursed on or before December 31, 2006, notwithstanding the amended provisions of the partial forepart of Article 73 (1) with the exception of each subparagraph, "50/100" provided for in the partial forepart of the same paragraph with the exception of each subparagraph shall be deemed "75/100".

Article 19 (Applicability to special case of inclusion of deductable expenses for agricultural cooperatives)

The amended provisions of Article 84 shall apply, starting with the portion of in-kind investment that is first made after the enforcement of this Act.

Article 20 (Applicability to income deduction for pension savings)

The amended provisions of Article 86-2 shall apply, starting with the portion that is first deposited after the enforcement of this Act.

Article 21 (Applicability to special case of taxation for members of employee stock ownership association)

The amended provisions of Article 88-4 (5) shall apply, starting with the portion that is first withdrawn after the enforcement of this Act.

Article 22 (Applicability to special case of taxation on tax-favored comprehensive savings)

The amended provisions of Article 89 shall apply, starting with the portion that is first subscribed after the enforcement of this Act.

Article 23 (Applicability to additional tax levied on failure to submit tax-favored data)

The amended provisions of Article 90-2 (1) shall apply, starting with the portion that is first submitted after the enforcement of this Act.

Article 24 (Applicability to special case of taxation on real estate indirect investment fund)

The amended provisions of Article 91-5 shall apply, starting with the portion of the income that first accrues after the enforcement of this Act.

Article 25 (Applicability to tax credit on information return, etc.)

The amended provisions of Article 104-5 shall apply, starting with the portion of the information return, etc. that are first filed after the enforcement of this Act.

Article 26 (Applicability to tax credit on electronic return)

The amended provisions of Article 104-8 shall apply, starting with the portion of the electronic return that is first filed after the enforcement of this Act.

Article 27 (Applicability to special case of calculation of tax base of corporate tax on shipping enterprises)

The amended provisions of Article 104-10 (6) shall apply, starting with the portion that first fails to meet the requirements provided for in the provisions of paragraph (1) of the same Article for not less than 2 business years after the enforcement of this Act.

Article 28 (Applicability to exemption from value-added tax on business of operating school facilities)

The amended provisions of Article 106 (1) 8 shall also apply to the portion of the implementation agreement (excluding any school facilities that are already in operation after the completion of their construction) which is concluded prior to the enforcement of this Act.

Article 29 (Applicability to special case of deduction of input tax amount of value-added tax on operational assets of high-speed railway)

(1) The amended provisions of Article 108-2 shall apply, starting with the portion that is first returned and paid after the enforcement of this Act.

(2) In case where it is intended to have the input tax amount deducted pursuant to the amended provisions of Article 108-2, the details of the operational assets and the input tax amount by year shall

be returned to the head of tax office having jurisdiction over the business place or the main business place on or before January 25, 2006.

Article 30 (Applicability to invalidation of effect of decision on tax reduction or exemption)

The amended provisions of Article 121-2 (13) shall apply, starting with the portion that is first subject to the decision on the tax reduction or exemption after the enforcement of this Act.

Article 31 (Applicability to procedures for reducing or exempting from tax on capital increase)

The amended provisions of Article 121-4 (4) shall apply, starting with the portion of capital that is first increased after the enforcement of this Act.

Article 32 (Applicability to additional collection of reduced or exempted from tax on foreigner's investment)

The amended provisions of Article 121-5 shall apply beginning from the cause to collect tax as penalty that occurs for the first time after this Act enters into force.

Article 33 (Applicability to coordination of Sale and purchase limit of tax-free goods at designated tax-free shops)

The amended provisions of Article 121-13 (4) and (5) shall apply, starting with the portion of tax-free goods that are first sold and purchased after the enforcement of this Act.

Article 34 (Applicability to income deduction on amount drawn on credit cards, etc.)

The amended provisions of Article 126-2 (1) shall apply, starting with the portion of the calculation of the total amount that is spent in use of credit cards, etc. in the year whereto belongs the date on which this Act enters into force.

Article 35 (Applicability to exclusion of overlapping support)

The amended provisions of Article 127 (8) shall apply, starting with the portion of the taxable year whereto belongs the date on which this Act enters into force.

Article 36 (Applicability to composite limited amount on reduction or exemption of capital gains tax)

(1) The composite limited amount of the reduction or exemption of the capital gains on the substitute land for the farmland from among the amended provisions of Article 133 shall apply, starting with the portion that is converted into the substitute land by means of transfer after the enforcement of this Act.

(2) In the application of the amended provisions of the latter part of Article 133 (2), the tax amount that is reduced or exempted pursuant to the provisions of Article 69 prior to the enforcement of this Act shall not be added up.

Article 37 (Applicability to additional collection of reduced or exempted tax amount)

The amended provisions of Article 146 shall apply, starting with the portion of the relevant assets that are first disposed of after the enforcement of this Act.

Article 38 (Transitional measure concerning ex post management of special tax amount that is deducted for increasing employment)

In case where any national who has had his or her income tax and corporate tax deducted pursuant to the former provisions of Article 30-4 (2) suspends the employment maintaining system or reverts to the

previous system, the former provisions of Article 30-4 (3) shall apply to the payment of his or her income tax or corporate tax, notwithstanding the amended provisions of Article 30-4.

Article 39 (Transitional measure concerning special case of taxation on debt-for-equity conversion)

The appropriation of the gains from debt exemption by converting them into investment that are not included in the gross income for the amount of deficit pursuant to the former provisions of the forepart of Article 44 (2) and the inclusion of such gains in the gross income at the time of the enforcement of this Act shall be governed by the former provisions of the latter part of Article 44 (2) and (4).

Article 40 (Transitional measure concerning temporary and special reduction or exemption of tax amount on relocation of corporation's head office to area other than Seoul Metropolitan Area)

(1) In case where the head office located in the overconcentration control region of the Seoul Metropolitan area is transferred, removed, closed or converted into other use than the use of the head office or a contract on the transfer of the head office located in the overconcentration control region of the Seoul Metropolitan area is concluded or a contract on the purchase of an area other than the Seoul Metropolitan area, in which the head office is to be located in order to make the head office subject to the application of the former provisions of Article 63-2 prior to the enforcement of this Act and the head office is not relocated prior to the taxable year whereto belongs the date on which this Act enters into force, the former provisions may be applied thereto, notwithstanding the amended provisions of Article 63-2.

(2) In case where the reduction or exemption provided for in the former provisions or the amended provisions are applied pursuant to the provisions of paragraph (1), one of them shall be chosen and the chosen provision shall be applied thereto without interruption during the reduction or exemption period.

Article 41 (Transitional measure concerning reduction and exemption of capital gains tax on self-tilling farmland)

The transfer of any farmland that has been tilled by any agricultural corporation for not less than 5 years after having acquired it pursuant to the former provisions of Article 69 (1) prior to the enforcement of this Act shall be governed by the former provisions of Article 69-2, notwithstanding the amended provisions of Article 69 (1).

Article 42 (Transitional measure concerning shortening of period during which deducted amount of donations are carried-over)

The inclusion of donations that are included in deductible expenses pursuant to the former provisions of Article 73 (1) prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 73 (4).

Article 43 (Transitional measure concerning special taxation on stockholders of ship investment companies)

The transfer of stocks that are first acquired after making investments in any ship investment company pursuant to the former provisions of Article 87-5 (1) prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 87-5 (1).

Article 44 (Transitional measure concerning special taxation on tax-favored comprehensive savings)

The tax-favored comprehensive savings to which subscriptions are made pursuant to the former provisions of Article 89 (1) prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 89 (1).

Article 45 (Transitional measure concerning inclusion of reserve for treasury stock disposal loss in deductible expenses for stock-listed corporations or association-registered corporations)

The inclusion of the reserve in the gross income, which is included in the deductible expenses pursuant to the former provisions of Article 104-3 at the time of the enforcement of this Act, shall be governed by the former provisions.

Article 46 (Transitional measure concerning exemption from value-added tax on business of operating school facilities)

In case where any business operator who converts his or her business into the business eligible for the exemption from the value-added tax and adds the tax-free business pursuant to the amended provisions of Article 106 (1) 8 uses goods that he or she has acquired prior to the enforcement of this Act directly for the relevant business that is exempted from the value-added tax, the provisions of Articles 6 (2) and 17 (5) of the Value-Added Tax Act shall not apply thereto.

Article 47 (Transitional measure concerning application for tax reduction or exemption on capital increase)

The time limit for filing the application for the tax reduction or exemption on the capital that is increased prior to the enforcement of this Act shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-2 (6).

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

ADDENDA <*Act No. 7845, Jan. 2, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 16 Omitted.

ADDENDA <*Act No. 7849, Feb. 21, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force on July 1, 2006. (Proviso Omitted.)

Articles 2 through 41 Omitted.

ADDENDA <*Act No. 7949, Apr. 28, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 8050, Oct. 4, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 8086, Dec. 26, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 through 4 Omitted

ADDENDA <*Act No. 8138, Dec. 30, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 6 Omitted.

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

ADDENDA <*Act No. 8146, Dec. 30, 2006*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2007; provided, the amended provisions of Articles 126-4, 126-5 and 128 (4) 2 and 3 shall take effect on July 1, 2007, and the amended provisions of Articles 100-2 through 100-13 and 128 (4) 1, on January 1, 2008.

Article 2 (General Applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions of this Act concerning the value-added tax shall apply starting with the portion of goods or services first supplied or purchased, or goods declared for import after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions of this Act concerning the special consumption tax, traffic, environment and energy tax, education tax and driving tax shall apply starting with the portion which is first carried out of the manufacturing place or bonded area, or whose importation is first declared, after this Act enters into force.

(6) The amended provisions of this Act concerning the stamp tax shall apply starting with taxable documents first prepared after this Act enters into force.

(7) The amended provisions of this Act concerning the customs duties shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amended provisions of this Act concerning the acquisition tax or registration tax shall apply starting with the portion which is first acquired or registered after this Act enters into force.

Article 3 (Applicability to special case of inclusion in deductible expenses for small or medium enterprise support facilities)

The amended provisions of Article 8 shall apply starting with the portion for which a donation is first given or taken after this Act enters into force.

Article 4 (Applicability to tax credit for entrusted research and manpower development expenses)

The amended provisions of Article 10 (1) shall apply starting with the taxable year whereto belongs the date this Act enters into force.

Article 5 (Applicability to special taxation for contribution, etc. for research and development)

The amended provisions of Article 10-2 shall apply starting with the portion for which a contribution, etc. is first paid after this Act enters into force.

Article 6 (Applicability to reduction or exemption of corporate tax for high-tech enterprises located in special research and development zones)

The amended provisions of Article 12-2 shall apply starting with the portion of the income which first accrues after this Act enters into force.

Article 7 (Applicability to income deduction for contribution, etc. to small or medium start-up business investment association)

The amended provisions of Article 16 (1) shall apply starting with the portion of the contribution or investment which is first made after this Act enters into force.

Article 8 (Applicability to special taxation for foreign workers)

The amended provisions of Article 18-2 shall apply starting with the portion of the income which is first paid after this Act enters into force.

Article 9 (Applicability to corporate tax exemption on dividend income from investment in overseas resource development)

The amended provisions of Article 22 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 10 (Applicability to reduction or exemption of tax amount for small or medium enterprise whose business is converted)

The amended provisions of Article 33-2 shall apply to the enterprises that convert their business on or after the enforcement date of this Act.

Article 11 (Applicability to special taxation on stock exchange, etc. for strategic alliance with venture business)

The amended provisions of Article 46-2 (1) shall apply starting with the portion of the transfer margin which first accrues from the exchange with the treasury stocks or the in-kind investment in a venture business after this Act enters into force.

Article 12 (Applicability to special taxation of corporate tax on margins accruing from transfer of self-logistics facilities)

The amended provisions of Article 46-4 shall apply starting with the portion which is first transferred after this Act enters into force.

Article 13 (Applicability to special taxation on division of distribution business)

The amended provisions of Article 46-5 shall apply starting with the portion which is first divided after this Act enters into force.

Article 14 (Applicability to special taxation on succession to deficits carried forward following merger of logistics corporations)

The amended provisions of Article 46-6 shall apply starting with the portion which is first merged after this Act enters into force.

Article 15 (Applicability to special taxation on self-managed real estate investment company)

The amended provisions of Article 55-2 (4) shall apply starting with the portion of purchasing a national housing unit which is first newly built, or which has never been occupied at the time of acquisition, after this Act enters into force.

Article 16 (Applicability to corporate tax exemption for agricultural partnership corporation, etc.)

The amended provisions of Article 66 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 17 (Applicability to exemption of corporate tax for fishery partnership corporation, etc.)

The amended provisions of Article 67 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

Article 18 (Applicability to non-taxation on dividend from incorporated agricultural corporation)

(1) The amended provisions of Article 68 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

(2) The amended provisions of Article 68 (4) and (5) shall apply starting with the portion of the dividend which is first paid after this Act enters into force.

Article 19 (Applicability to special taxation of corporate tax on partnership corporation)

(1) The amended provisions of Article 72 (1) shall apply starting with the business year whereto belongs the date this Act enters into force.

(2) The amended provisions of Article 72 (4) shall apply starting with the portion of the interest on funds provided for the improvement of financial structure, which is first paid after this Act enters into force.

Article 20 (Applicability to special taxation on donations)

The amended provisions of Article 73 shall apply starting with the portion which is first disbursed after this Act enters into force.

Article 21 (Applicability to special case of inclusion of reserves for business proper to specific purpose in deductible expenses)

The amended provisions of Article 74 (1) shall apply starting with the portion of the income which accrues in the business year whereto belongs the date this Act enters into force.

Article 22 (Applicability to special case of inclusion of political funds in deductible expenses)

The amended provisions of Article 76 shall apply starting with the portion which is first donated after this Act enters into force.

Article 23 (Applicability to special taxation for relocation of factories located in Multifunctional Administrative City to local areas)

The amended provisions of Article 85-2 shall apply starting with the portion which is first relocated after this Act enters into force.

Article 24 (Applicability to special taxation of corporate tax on investment of land in kind within enterprise city development project zone)

The amended provisions of Article 85-3 shall apply starting with the portion which is first invested in kind after this Act enters into force.

Article 25 (Applicability to special taxation of corporate tax on investment of land in kind for free economic zone development projects)

The amended provisions of Article 85-4 shall apply starting with the portion which is first invested in kind after this Act enters into force.

Article 26 (Applicability to special taxation on margins accruing from transfer of land for nursery facilities)

The amended provisions of Article 85-5 shall apply starting with the portion which is first transferred after this Act enters into force.

Article 27 (Applicability to non-taxation on long-term savings for purchase of housing unit)

The amended provisions of Article 87 (1) shall apply starting with the portion which is first opened after this Act enters into force.

Article 28 (Applicability to non-taxation, etc. on livelihood savings of aged or disabled persons)

The amended provisions of Article 88-2 (1) 1 shall apply starting with the portion which is first subscribed to after this Act enters into force.

Article 29 (Applicability to special taxation for members of employee stock ownership association)

(1) The amended provisions of Article 88-4 (4) and (6) shall apply starting with the portion which is first alloted after this Act enters into force.

(2) The amended provisions of Article 88-4 (9) and (10) shall apply starting with the portion of the dividend income the base date of whose dividend first comes after this Act enters into force.

Article 30 (Applicability to special taxation on tax-favored comprehensive savings)

The amended provisions of Article 89 (1) shall apply starting with the portion which is first opened, or whose contract period is first extended, after this Act enters into force.

Article 31 (Applicability to lower rate of tax on deposits in cooperatives, etc.)

The amended provisions of Article 89-3 shall apply starting with the portion which is first opened, or whose contract period is first extended, after this Act enters into force.

Article 32 (Applicability to non-taxation of income tax and special case of withholding tax on dividend income on long-held stocks)

The amended provisions of Article 91 (1), (3) and (5) shall apply starting with the portion of the dividend income which is paid after this Act enters into force.

Article 33 (Applicability to special taxation on dividend income of stocks of overseas resources development investment company, etc.)

The amended provisions of Article 91-6 shall apply starting with the portion of the dividend income which is paid after this Act enters into force.

Article 34 (Applicability to special taxation for high-income high-risk investment trusts, etc.)

The amended provisions of Article 91-7 shall apply starting with the portion of the high-income high-risk investment trust, etc. which is first created or established after this Act enters into force.

Article 35 (Applicability to separate taxation on lottery prize income, etc.)

The amended provisions of Article 92 shall apply starting with the portion of the income which first accrues after this Act enters into force.

Article 36 (Applicability to strict management of tax-free petroleums)

(1) The amended provisions of Article 106-2 (6) shall apply starting with the portion of additional collection due to the transfer of the purchase coupon of tax-free petroleums, etc. which is first issued or the petroleum products supplied by the purchase coupon of tax-free petroleums, etc., or the use of the petroleum products, for other purposes than farming, forestry or fishing industry, which are first supplied by the purchase coupon of tax-free petroleums, etc., after this Act enters into force.

(2) The amended provisions of Article 106-2 (8) shall apply starting with the portion of the purchase coupon of tax-free petroleums, etc. which is first issued, or the purchase coupon of tax-free petroleums, etc. or the petroleum products supplied by the purchase coupon of tax-free petroleums, etc. which are first taken over, after this Act enters into force.

Article 37 (Applicability to special case of deduction of input tax amount of value-added tax on recycled waste resources)

(1) The amended provisions of Article 108 (1) shall apply starting with the portion which is first acquired after this Act enters into force.

(2) The amended provisions of Article 108 (2) shall apply starting with the taxable period which first commences after this Act enters into force.

Article 38 (Applicability to tax credit on increased revenue amounts)

The amended provisions of Article 122 (2) and (3) shall apply starting with the portion of the amount of revenues which is derived after this Act enters into force.

Article 39 (Applicability to special taxation on income tax for business operators filing faithful returns)

(1) The amended provisions of Article 122-2 (1) (excluding the amended provisions concerning the value-added tax), (2), (4), (8) (excluding the amended provisions concerning the value-added tax) and (9) shall apply starting with the portion of the income which first accrues after this Act enters into force.

(2) The amended provisions of Article 122-2 (1) and (8) concerning the value-added tax and of paragraphs (3) and (5) of the said Article shall apply starting with the portion which is reported on or after July 1, 2007.

(3) The amended provisions of Article 122-2 (9) 1 (c) shall apply starting with the portion which is first settled after this Act enters into force.

Article 40 (Applicability to income deduction for amounts drawn on credit cards)

The amended provisions of Article 126-2 (1) shall apply starting with the portion of the annual aggregate of amounts drawn on credit cards, etc. which is calculated in the year whereto belongs the date this Act enters into force.

Article 41 (Applicability to value-added tax credits for cash receipt service operators)

The amended provisions of Article 126-3 (1) shall apply starting with the portion of the payment records which are submitted after this Act enters into force.

Article 42 (Applicability to composite ceiling of reduction or exemption of gift tax)

In the application of the amended provisions of Article 133 (3), the amount of the gift tax exempted pursuant to Articles 15 and 16 of the Addenda of the amended Regulation of Tax Reduction and Exemption Act, Act No. 5584, before this Act enters into force shall not be added up.

Article 43 (Transitional measures concerning inclusion of reserves in deductible expenses)

With respect to the inclusion of the reserves, which are added to the deductible expenses in each taxable year, in the gross income or the payment of an additional amount equivalent to the interest pursuant to the former provisions of Articles 8-2, 9, 28, 55-2 (1) and (2) and 104-9, at the time of the entry into force of this Act, the former provisions shall apply, respectively.

Article 44 (Transitional measures concerning special taxation on stock option)

With respect to the profits derived by exercising a stock option which is granted prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 15.

Article 45 (Transitional measures concerning reduction and exemption of tax amount, property tax for job-creating start-up enterprises)

(1) With respect to the reduction and exemption of a tax amount for a national who incorporates a start-up enterprise pursuant to the former provisions of Article 30-2 (1) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 30-2.

(2) With respect to the reduction and exemption of a tax amount for a national who incorporates a start-up enterprise pursuant to the former provisions of Article 30-2 (1) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 121.

Article 46 (Transitional measures concerning special case of period for deduction carried forward of loss of job-creating start-up enterprises)

With respect to the deduction carried forward of a loss incurred pursuant to the former provisions of Article 30-3 prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 30-3.

Article 47 (Transitional measures concerning special taxation on corporate restructuring securities investment companies)

With respect to the transfer of the stocks or equities acquired through a direct investment in a corporate restructuring securities investment company pursuant to the former provisions of Article 54 (3) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 54 (3).

Article 48 (Transitional measures concerning special taxation on special company for corporate restructuring, etc.)

(1) With respect to the non-taxation of the corporate tax on the dividend income received from an enterprise subject to corporate restructuring prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55 (1).

(2) With respect to the transfer of the stocks that are first acquired by investing in a special company for corporate restructuring or a corporate restructuring investment company pursuant to the former provisions of Article 55 (4) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55 (4).

Article 49 (Transitional measures concerning special taxation on self-managed real estate investment company)

(1) With respect to the person who commenced a lease business but had no income from the lease business prior to the entry into force of this Act, he or she shall be deemed to have commenced the lease business on the enforcement date of this Act, and thereby shall be subject to the amended provisions of Article 55-2 (4).

(2) With respect to the transfer of the stocks that are first acquired by investing in a real estate investment company pursuant to the former provisions of Article 55-2 (5) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 55-2 (5).

Article 50 (Transitional measures concerning special taxation of corporate tax for merger of National Agricultural Cooperatives Federation)

With respect to the inclusion of a subsidy, which is not added to the gross income, in the gross income pursuant to the former provisions of Article 72-2 prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 72-2.

Article 51 (Transitional measures concerning special taxation on donations)

With respect to the inclusion of a donation, which is not added to the deductible expenses, in the deductible expenses pursuant to the former provisions of Article 73 (1) and (2) prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 73 (4). calm

Article 52 (Transitional measures concerning exemption of capital gains tax for relocation of museum, etc.)

With respect to the reduction or exemption of a capital gains tax pursuant to the former provisions of Article 83, or the transfer of land, etc. for the application of the said provisions, prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 83.

Article 53 (Transitional measures concerning special case of inclusion in deductible expenses for agricultural cooperatives)

With respect to the inclusion of the transfer margin, which is added to the deductible expenses, in the deductible expenses pursuant to the former provisions of Article 84 prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 84.

Article 54 (Transitional measures concerning special taxation of capital gains tax on real estate used for public projects in designated areas)

With respect to the transfer (including the case of expropriation) of real estate used for the public project for the application of the former provisions of Article 85 prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 85.

Article 55 (Transitional measures concerning special taxation on tax-favored comprehensive savings)

(1) With respect to the interest or dividend income accruing from the tax-favored comprehensive savings, the expiry date of whose contract period is fixed, subscribed to pursuant to the former provisions of Article 89 (1) prior to the entry into force of this Act, the former provisions shall apply until the contract period of the savings expires, notwithstanding the amended provisions of Article 89 (1).

(2) With respect to the interest or dividend income accruing from the tax-favored comprehensive savings, the expiry date of whose contract period is not fixed, subscribed to pursuant to the former provisions of Article 89 (1) prior to the entry into force of this Act, the former provisions shall apply until December 31, 2009, notwithstanding the amended provisions of Article 89 (1).

Article 56 (Transitional measures concerning application of zero tax rate to urban railway construction services directly furnished to urban railroad corporation)

With respect to the urban railway construction services that are furnished according to a contract concluded prior to the entry into force of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 105 (1) 3 (b).

Article 57 (Transitional measures concerning reduction or exemption of corporate tax, etc. for companies located in Jeju High-tech Science and Technology Complex)

With respect to the enterprise located in the Jeju high-tech science and technology complex, which has commenced the business subject to reduction or exemption as of the enforcement date of this Act, but in which the first income has not been generated prior to the entry into force of this Act, it shall be deemed to have commenced the business subject to reduction or exemption on the enforcement date of this Act, and thereby shall be subject to the amended provisions of Article 121-8 (1).

Article 58 (Transitional measures concerning reduction or exemption of corporate tax for companies located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

With respect to the enterprise located in the Jeju investment promotion zone or the Jeju free trade zone, which has commenced the business subject to reduction or exemption as of the enforcement date of this Act, but in which the first income has not been generated prior to the enforcement of this Act, it shall be deemed to have commenced the business subject to reduction or exemption on the enforcement date of this Act, and thereby shall be subject to the amended provisions of Article 121-9 (2).

Article 59 (Transitional measures concerning special taxation on income tax for business operators filing faithful returns)

(1) With respect to the special taxation on the income tax or the corporate tax for a business operator who has filed a faithful return for the taxable period prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 122-2 (1), (2), (4) and (5).

(2) With respect to the relief rate by taxable period for a business operator who was subject to the former provisions of Article 122-2 (3) prior to the enforcement of this Act, the former provisions shall apply, notwithstanding the amended provisions of Article 122-2 (3).

ADDENDA <*Act No. 8347, Apr. 11, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 8362, Apr. 11, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 10 Omitted.

ADDENDA <*Act No. 8367, Apr. 11, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 8371, Apr. 11, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 10 Omitted.

ADDENDA <*Act No. 8387, Apr. 27, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 9 Omitted.

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ADDENDA <*Act No. 8466, May 17, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 8493, Jun. 1, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 86-3 and 136 (3) shall enter into force on September 1, 2007.

Article 2 (Applicability to Tax Deduction for Improvement of Bill System of Enterprises)

The amended provisions of Article 7-2 (2) 1 shall apply, starting from the first settlement or use which is made on or after the date this Act enters into force.

Article 3 (Applicability to income deduction for mutual-aid installments of small enterprises and small commercial and industrial businessmen)

The amended provisions of Article 86-3 shall apply, starting from the portion of the payment made after joining the mutual aid during the taxable period to which the date this Act enters into force belongs.

Article 4 (Applicability to special taxation on dividends from investment companies)

The amended provisions of Article 91-2 shall apply, starting from the first dividend income (including interest income in the case of the investment trust created on or before December 31, 2006) that accrues and is paid on or after the date this Act enters into force.

Article 5 (Applicability to special taxation for personnel companies)

The amended provisions of Article 104-11 (1) shall apply, starting from the portion of dividend paid by a personnel company which is subject to the application of special taxation on or after the date this Act enters into force.

Article 6 (Applicability to special cases for non-inclusion of reception expenses in deductible expenses)

The amended provisions of Article 136 (3) shall apply, starting from the portion disbursed during the taxable year to which the date this Act enters into force belongs.

ADDENDA <*Act No. 8572, Aug. 3, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 5 Omitted.

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ADDENDA <*Act No. 8827, Dec. 31, 2007*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2008; provided, the amended provisions of Articles 106-4 through 106-6, and 126-3 shall enter into force on July 1, 2008, while the amended provisions of Articles 100-14 through 100-26, and 122 (5) shall enter into force on January 1, 2009.

Article 2 (General Applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions concerning value-added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions of this Act concerning the individual consumption tax, the traffic, energy and environment tax, the education tax, and the driving tax shall apply to the goods released for a manufacturing place or a bonded area or those for which an import declaration is filed on or after the enforcement date of this Act.

(6) The amended provisions of this Act concerning the acquisition tax and the registration tax shall apply to the property acquired or registered on or after the enforcement date of this Act.

(7) The amended provisions of this Act concerning the customs duties shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amended provisions of this Act concerning the property tax and the gross real estate tax shall apply to the property for which the duty to pay the taxes arises on or before the enforcement date of this Act.

Article 3 (Applicability to Tax Reductions or Exemptions for Start-Up Small or Medium Enterprises)

The amended provisions of Article 6 (2) shall apply to the enterprises designated to venture businesses on or after the enforcement date of this Act.

Article 4 (Applicability of Tax Credits to Improve Corporate Payment System including Negotiable Instruments)

The amended provisions of Article 7-2 (3) shall apply to the transactions made under the system on or after the enforcement date of this Act.

Article 5 (Applicability to special taxation for inclusion of small or medium enterprise support facilities in deductible expense)

The amended provisions of Article 8 shall apply to the facilities transferred or donated on or after the enforcement date of this Act.

Article 6 (Applicability to special taxation for investment in small or medium start-up business investment companies)

The amended provisions of Article 14 (2) shall apply to the investments made on or after the enforcement date of this Act.

Article 7 (Applicability to tax credit for investment in productivity increase facilities)

The amended provisions of Article 24 shall apply to the investments made on or after the enforcement date of this Act.

Article 8 (Applicability to tax credit for investment in facilities for environmental conservation)

The amended provisions of Article 25-3 shall apply to the investments made on or after the enforcement date of this Act.

Article 9 (Applicability to tax credit for investment in facilities for improved quality management of medicines)

The amended provisions of Article 25-4 shall apply to the investments made on or after the enforcement date of this Act.

Article 10 (Applicability to special taxation for small or medium enterprises and trade-adjusted enterprises whose business is converted)

The amended provisions of Article 33 shall apply to the enterprises that convert their business on or after the enforcement date of this Act.

Article 11 (Applicability to reduction or exemption of tax amount for small or medium enterprises with their business converted and trade-adjusted enterprises)

The amended provisions of Article 33-2 shall apply to the enterprises that convert their business on or after the enforcement date of this Act.

Article 12 (Applicability to special taxation for transfer of assets redundant after merger)

The amended provisions of Article 47-4 (1) shall apply to the enterprises merged (including those merged after split-off) on or after the enforcement date of this Act.

Article 13 (Applicability to special taxation for establishment, etc. of financial holding companies)

The amended provisions of Article 52-2 (1) shall apply to financial holding companies' stocks exchanged or the stocks transferred to financial holding companies on or after the enforcement date of this Act.

Article 14 (Applicability to special taxation for special companies for corporate restructuring)

The amended provisions of Article 55 (1) shall apply to the investments made on or after the enforcement date of this Act.

Article 15 (Applicability to special taxation for relocation of factories to outside of large cities)

The amended provisions of Article 60 (2) shall apply to the sites and buildings of factories transferred on or after the enforcement date of this Act.

Article 16 (Applicability to special taxation for corporation tax on transfer margin following relocation of corporation' head offices to outside of overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 61 (3) shall apply to the site and buildings of headquarters or principal places of business transferred on or after the enforcement date of this Act.

Article 17 (Applicability to reduction or exemption of corporate tax for relocation of corporation' factories and head offices to outside of Seoul Metropolitan Area)

The amended provisions of Article 63-2 shall apply to the head offices or factories relocated on or before the enforcement date of this Act; provided, if it has not passed five years since a corporation relocated all of its factories before the enforcement of this Act, the amended provisions of Article 63-2 (6) and (9) shall apply from the enforcement date of this Act to the fifth anniversary of the day on which the facilities of such factories are completely relocated.

Article 18 (Applicability to tax credit for custom-made training expenses in local universities and colleges)

The amended provisions of Article 63-3 (1) shall apply to the expenses paid on or after the enforcement date of this Act, and the amended provisions of paragraph (2) of the same Article shall apply to the donations made on or after the enforcement date of this Act.

Article 19 (Applicability to special taxation on donations)

The amended provisions of Article 73 (1) shall apply beginning from the first disbursement after this Act enter into force.

Article 20 (Applicability to reduction or exemption of capital gains tax on land for public works)

The amended provisions of Article 77 shall apply to the land, etc. transferred on or after July 6, 2007.

Article 21 (Applicability to special taxation for capital gains tax on compensation by substitute land)

The amended provisions of Article 77-2 shall apply to the land, etc. transferred on or after October 17, 2007.

Article 22 (Applicability to special taxation for relocation of factories in Multifunctional Administrative City, etc. to rural area)

The amended provisions of Article 85-2 shall apply to the factories relocated or transferred on or after the enforcement date of this Act.

Article 23 (Applicability to reduction or exemption of corporate tax for social enterprises)

The amended provisions of Article 85-6 shall apply to the income generated on or after the enforcement date of this Act.

Article 24 (Applicability to special taxation on relocation of factories in areas for public works)

The amended provisions of Article 85-7 shall apply to the factories relocated or transferred on or after the enforcement date of this Act.

Article 25 (Applicability to income deduction for annuity savings)

The amended provisions of Article 86-2 (4) shall apply to the income generated on or after the enforcement date of this Act.

Article 26 (Applicability to non-taxation, etc. on long-term savings for housing purchase)

The amended provisions of Article 87 (1), (2) 2, (3), and (8) shall apply to the accounts newly opened or those for which the maturity is extended on or after the enforcement date of this Act.

Article 27 (Applicability to additional tax against failure in submission of data for tax-favored savings)

The amended provisions of Article 90-2 (1) shall apply to the data that shall be submitted or notified of on or after the enforcement date of this Act.

Article 28 (Applicability to special taxation on dividends of investment companies)

The amended provisions of Article 91-2 (2) shall apply to the dividend income (including the interest income, where the investment trust involved was created on or before December 31, 2006) generated and paid on or after the enforcement date of the Partial Amendment (Act No. 8493) to the Restriction of Special Taxation Act.

Article 29 (Applicability to special taxation on high-yield high-risk investment trusts)

The amended provisions of Article 91-7 shall apply to the income generated on or after the enforcement date of this Act.

Article 30 (Applicability to special taxation on investment trusts for public donation)

The amended provisions of Article 91-8 shall apply to the investment trusts for public donation created or established on or after the enforcement date of this Act.

Article 31 (Applicability to special taxation on capital gains tax for purchasers of rural or fishing village houses)

The amended provisions of Article 99-4 (limited to the amended provisions concerning the standard value at the time of acquiring a rural or fishing village house) shall apply to the houses acquired on or after the enforcement date of this Act.

Article 32 (Applicability to tax credit for foreign tax amount paid)

The amended provisions of Article 104-6 (1) shall apply to the dividends received on or after the enforcement date of this Act.

Article 33 (Applicability to tax credit for third party distribution expense)

The amended provisions of Article 104-14 shall apply to the payments made on or after the enforcement date of this Act.

Article 34 (Applicability to special taxation for investment in development of overseas resources)

(1) The amended provisions of Article 104-15 (1) shall apply to the investments or contributions made on or after the enforcement date of this Act.

(2) The amended provisions of Article 104-15 (4) shall apply to the subsidies granted on or after the enforcement date of this Act.

Article 35 (Applicability to special taxation for financial soundness of universities and colleges)

(1) The amended provisions of Article 104-16 (1) shall apply beginning from the first transfer after this Act enters into force.

(2) The amended provisions of Article 104-16 (4) shall apply to the contributions made on or after the enforcement date of this Act.

Article 36 (Applicability to exemption of school facilities management businesses from value-added tax)

The amended provisions of Article 106 (1) 8 shall apply to the right to manage and operate facilities granted or the services provided on or after the enforcement date of this Act.

Article 37 (Applicability to intensified control of tax-free petroleum products)

(1) The amended provisions of Article 106-2 (2) shall apply to the applications filed for refund, etc. on or after the enforcement date of this Act.

(2) The amended provisions of Article 106-2 (3) concerning the reporting on changes shall apply to the changes that occur on or after the enforcement date of this Act.

(3) The amended provisions of Article 106-2 (9) and (11) through (13) shall apply to the cases where a cause for levying the additional tax occurs on or after the enforcement date of this Act.

(4) The amended provisions of Article 106-2 (10) 1 shall apply to the reports filed on or after the enforcement date of this Act and the amended provisions of subparagraph 2 of the said paragraph shall apply to the transfer made on or after the enforcement date of this Act, while the amended provisions of subparagraph 3 of the said paragraph shall apply to the cases in which a cause for imposing an additional amount occurs on or after the enforcement date of this Act.

(5) The amended provisions of Article 106-2 (14) shall apply to the acquisition, inheritance, and merger made on or after the enforcement date of this Act.

Article 38 (Applicability to special taxation on value-added tax on gold bullion)

The amended provisions of Article 106-3 (1) and (2) shall apply to the gold bullion supplying or supplied or those for which an import declaration is filed on or after the enforcement date of this Act.

Article 39 (Applicability to special taxation on payment of value-added tax by purchasers of gold-related products)

The amended provisions of Article 106-4 shall apply to the gold-related products supplying or supplied on or after July 1, 2008 with a gold trading account opened and reported on or after June 1, 2008.

Article 40 (Applicability to special tax credit for constructive input supplies of gold scraps)

The amended provisions of Article 106-5 shall apply to the gold scraps acquired on or after the enforcement date of this Act.

Article 41 (Applicability to submission of statement of transactions of gold bullion)

The amended provisions of Article 106-6 shall apply to the gold bullion, etc. produced and released or those for which an import declaration is filed on or after the enforcement date of this Act.

Article 42 (Applicability to exemption from registration tax)

The amended provisions of Article 119 (3) and (7) shall apply to the registration completed on or after the enforcement date of this Act.

Article 43 (Applicability to exemption from acquisition tax)

The amended provisions of Article 120 (3) shall apply to the property acquired for business purpose on or after the enforcement date of this Act.

Article 44 (Applicability to adjustment of maximum amount allowed to purchase from duty-free shops while travelling in Jeju Special Self-Governing Province)

The amended provisions of Article 121-13 (5) shall apply to the duty-free goods sold or purchased on or after the enforcement date of this Act.

Article 45 (Applicability to tax credit for increased revenue of gold business operators)

The amended provisions of Article 122 (5), (9), and (10) shall apply to the tax returns filed on or after January 1, 2009.

Article 46 (Applicability to deduction of medical expenses, etc. for business operators)

The amended provisions of Article 122-3 shall apply to the income generated on or after the enforcement date of this Act.

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Article 47 (Applicability to income deduction for amounts drawn on credit cards, etc.)

The amended provisions of Article 126-2 (1), (3), and (7) shall apply to annual aggregates of amounts drawn on credit cards, etc. for the year to which the enforcement date of this Act belongs.

Article 48 (Applicability to special taxation on cash receipt service operators and cash receipt merchants)

The amended provisions of Article 126-3 (2) shall apply to the Cash Receipts issued on or after July 1, 2008.

Article 49 (Transitional measures concerning inclusion of reserves in deductible expenses)

The inclusion in gross income of reserves included in deductible expenses for each taxable year or the payment for an additional amount equivalent to interest under the former provisions of Articles 4, 17, and 75 at the time when this Act enters into force shall be governed by the former provisions.

Article 50 (Transitional measures concerning special taxation on investments in small or medium start-up business investment companies, etc.)

(1) The transfer of stocks or equity shares acquired by an enterprise restructuring association as a result of investment in an enterprise subject to restructuring pursuant to the former provisions of Article 14 (1) 5 before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 14 (1) 5.

(2) The transfer of stocks or equity shares acquired as a result of investment under the former provisions of Article 14 (2) before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 14 (2).

Article 51 (Transitional measures concerning special taxation on repayment of financial obligations by small or medium enterprises)

Where a business-purpose real estate was transferred in accordance with the former provisions of Article 34 (2) before the enforcement of this Act and obligations owed to the relevant creditor financial institution is repaid after the enforcement of this Act with the price for such transfer, the reduction or exemption of the capital gains tax shall be governed by the former provision, notwithstanding the amended provisions of Article 34 (2).

Article 52 (Transitional measures concerning special taxation for special companies for corporate restructuring)

The transfer of stocks or equity shares acquired by a special company for corporate restructuring as a result of its direct investment or indirect investment through an enterprise restructuring association before the enforcement of this Act in accordance with the former provisions of Article 55 shall be governed by the former provisions, notwithstanding the amended provisions of Article 55.

Article 53 (Transitional measures concerning non-taxation, etc. on long-term savings for housing purchase)

The accounts of long-term savings for housing purchase which are opened before the enforcement date of this Act shall be deemed to be opened on January 1, 2008, and thus shall be governed by the

amended provisions of Article 87 (8) (limited to subparagraph 2).

Article 54 (Transitional measures concerning Special non-inclusion of employee stock ownership in taxable amount of inheritance tax)

The stocks acquired before the enforcement of this Act in accordance with the former provisions of Article 93 shall be governed by the former provisions, notwithstanding the amended provisions of Article 93.

Article 55 (Transitional measures concerning intensified control of tax-free petroleum)

In applying the amended provisions of Article 106-2 (2), the products supplied by petroleum distributors to farmers, foresters, and fishers before the enforcement of this Act shall be governed by the former provisions of Article 113 (2) and (3).

Article 56 (Transitional measures concerning income deduction for amounts drawn on credit cards, etc.)

As regards the taxable period to which the enforcement date of this Act belongs, the applicable amount shall be the aggregate of the amounts drawn on credit cards, etc. for the period of time beginning on December 1, 2007 and ending on December 31, 2008, notwithstanding the amended provisions of Article 126-2 (7).

ADDENDA *<Act No. 8852, Feb. 29, 2008>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

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ADDENDA *<Act No. 8966, Mar. 21, 2008>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 13 Omitted.

ADDENDA *<Act No. 8986, Mar. 28, 2008>*

(1) (Enforcement date) This Act shall enter into force on May 1, 2008; provided, the amended provisions of Articles 111-2 (3) and 111-3 (2) shall enter into force on the date of its promulgation.

(2) (Applicability of refund of traffic, energy and environment tax and individual consumption tax imposed on fuel of compact motor vehicle) The provisions concerning the refund of the traffic, energy and environment tax and the individual consumption tax imposed on fuel of a compact motor vehicle in the amended provisions of Article 111-2 shall apply to the portion first purchased by an eligible person with an

oil purchase card for refund on or after the date when this Act enters into force.

(3) (Applicability of exemption from individual consumption tax imposed on LPG supplied to taxicab) The provisions concerning the exemption from an individual consumption tax imposed on LPG supplied to a taxicab in the amended provisions of Article 111-3 shall apply to the portion first purchased by a taxicab businessman with a tax-free oil purchase card for a taxi on or after the date when this Act enters into force.

ADDENDA *<Act No. 9088, Jun. 5, 2008>*

(1) (Enforcement date) This Act shall enter into force three months after the date of its promulgation.

(2) (Transitional measures concerning change in name of Korea Science Foundation) “Korea Science Foundation” shall be construed as "Korea Foundation for the Advanced Science and Creativity" pursuant to this Act as at the time this Act enters into force.

(3) Omitted.

ADDENDA *<Act No. 9131, Sep. 26, 2008>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 111-2 (2) and 112 shall enter into force on October 1, 2008.

Article 2 (Applicability to tax deduction for improvement of bill system of enterprises)

The amended provisions of Article 7-2 (2) 1 shall apply beginning from the first bill settled, used or utilized after this Act enters into force.

Article 3 (Applicability to exclusion from gross income of income dividend received from small or medium enterprises in collaborative cooperation)

The amended provisions of Article 8-2 shall apply beginning from the first income dividend received from investment after this Act enters into force.

Article 4 (Applicability to Tax Credits for Investment in Facilities for Research and Human Resources Development)

The amended provisions of Article 11 (1) shall apply beginning from the first investment in the taxable year to which the enforcement date of this Act belongs.

Article 5 (Applicability to tax deduction for investment in energy saving facilities)

The amended provisions of Article 25-2 (1) shall apply beginning from the first investment commenced after this Act enters into force.

Article 6 (Applicability to tax deduction subsequent to conversion into regular workers)

The amended provisions of Article 30-2 shall apply beginning from the workers converted into regular workers in the taxable year to which the enforcement date of this Act belongs.

Article 7 (Applicability to special case for taxation of gross real estate tax on service business)

The amended provisions of Article 104-12 (2) 3 shall apply beginning from the gross real estate tax the liability for payment of which is constituted in the year to which the enforcement date of this Act belongs.

Article 8 (Applicability to special cases concerning inclusion in deductible expenses at time of contribution of dormant deposit of financial institutions)

The amended provisions of Article 104-17 shall apply beginning from the dormant deposit contributed in the business year to which the enforcement date of this Act belongs.

Article 9 (Applicability to refund of traffic, energy and environment tax and individual consumption tax on fuel of compact motor vehicles and small trucks)

A part concerning refund of the traffic, energy and environment tax and the individual consumption tax from among the amended provisions of Article 111-2 shall apply beginning from the first fuel purchased with an oil purchase card for refund by an eligible person after this Act enters into force.

Article 10 (Applicability to exemption of individual consumption tax on admission to membership golf course located outside Seoul Metropolitan Area)

The amended provisions of Article 112 shall apply beginning from the admission to a golf course after October 1, 2008.

Article 11 (Transitional measures concerning tax deduction for investment in energy saving facilities)

An amount of money equivalent to 10/100 of the amount of money invested by December 31, 2009 for the part invested after this Act enters into force as the investment which is in progress at the time when this Act enters into force, notwithstanding the amended provisions of Article 25-2 (1), shall be deducted from the income tax or the corporate tax.

Article 12 Omitted.

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ADDENDA *<Act No. 9272, Dec. 26, 2008>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2009; provided, the amended provisions of Articles 85-3, 89-2, 91-9, 91-10, 100-3, 100-5, 100-6, 100-11, 132, 133 shall enter into force on the date of its promulgation, the amended provisions of Articles 74 (3), 87-5 (3) and (4), 88-4 (3) and (6), 89 (1) 1, Article 91 (1) other than each subparagraph (excluding the amended part concerning the period for possession of stocks), paragraphs (3) and (5) through (7) of the same Article, Articles 91-2, 91-4 (2) and (3), 91-6, 91-8, 100-15, 106-3 (1) 3, (4) 2, (7), 117 (1) 3 through 6, 10 and 18, 119 (6) and (7), 120 (4) 2 and 121-5 (5) 3 shall enter into force on February 4, 2009.

Article 2 (Special case according to enforcement date of Financial Investment Services and Capital Markets Act)

From among the amended provisions of Article 91-9 (1) 1, "the securities market under the Financial Investment Services and Capital Markets Act" shall be deemed "the securities market or KOSDAQ market under the Securities and Exchange Act" until February 3, 2009, from among the amended provisions of Articles 91-9 (1) 1 and 91-10 (1) 1, "an investment company or an investment trust under the Financial Investment Services and Capital Markets Act (excluding special accounts of an insurance company under Article 251 of the same Act)" shall be deemed "an investment company or an investment trust under the Indirect Investment Assets Management Business Act (excluding special accounts of an insurance company under Article 135 of the same Act)," respectively, until February 3, 2009, from among the amended provisions of Article 91-10 (1) 1, "acquisition of stocks or beneficiary certificates (limited to acquisition of stocks or beneficiary certificates issued by a method of subscription or sale under Article 9 (7) and (9) of the same Act)" shall be deemed "acquisition of stocks or beneficiary certificates (limited to acquisition of stocks or beneficiary certificates issued by a method of subscription or sale under Article 2 (3) and (4) of the Securities and Exchange Act)" until February 3, 2009.

Article 3 (General applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions concerning value-added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions of this Act concerning individual consumption tax, traffic tax, environment tax, energy tax, education tax and traveling tax shall apply beginning from the first transportation out of a place of manufacturing or a bonded area or first declaration of import after this Act enters into force.

(6) The amended provisions of this Act concerning the stamp tax shall apply starting with taxable documents first prepared after this Act enters into force.

(7) The amended provisions concerning acquisition tax and registration tax among this Act shall apply beginning from the first acquisition or registration after this Act enters into force.

(8) The amended provisions concerning customs duty among this Act shall apply beginning from the first import declaration after this Act enters into force.

(9) The amended provisions of this Act concerning the special provisions on taxation on partnership firms in Section 10-3 shall apply beginning from the first part governed by the special provisions on taxation on partnership firms after this Act enters into force.

Article 4 (Applicable Examples concerning Reduction and Exemption of Tax Amount for Start-Up Small or Medium Enterprises, etc.)

The amended provisions of Article 6 (3) shall apply beginning from the first small or medium enterprise newly established after this Act enters into force.

Article 5 (Applicability to Non-Taxation on Gains from Transferring Stocks of Small or Medium Business Start-Up Investment Companies)

The amended provisions of Article 13 shall apply beginning from the first investment after this Act enters into force.

Article 6 (Special case concerning special provisions on taxation on investment in enterprises subject to restructuring)

For stocks or stakes of investment acquired by investment in enterprises subject to restructuring under Article 14 (4) of the Industrial Development Act through an association for restructuring of enterprises under Article 15 of the same Act by an institutional investor under the former Article 14 (2) on or before May 7, 2009, a tax amount equivalent to 50/100 of the corporate tax on transfer marginal profit accruing from transfer of the relevant stocks or stakes of investment shall be reduced or exempted.

Article 7 (Applicability to income deduction for investment in investment association for establishment of small or medium enterprises)

The amended provisions of Article 16 shall apply beginning from investment or contribution after this Act enters into force.

Article 8 (Applicability to tax deduction for investment in environment preservation facilities)

The amended provisions of Article 25-3 (1) shall apply beginning from the first investment after this Act enters into force.

Article 9 (Applicability to special provisions on taxation on establishment of holding company by investment in kind or exchange, transfer of stocks)

The amended provisions of Article 38-2 shall apply beginning from the first investment in kind, etc. after this Act enters into force.

Article 10 (Special case concerning special provisions on taxation on specialized enterprise restructuring company)

Notwithstanding the amended provisions of Article 55 (1), where a specialized enterprise restructuring company acquires stocks or stakes of investment by investment in an enterprise subject to restructuring on or before May 7, 2009 directly or through an association for restructuring of enterprises, a tax amount equivalent to 50/100 of the corporate tax on transfer marginal profit accruing from transfer of the relevant stocks or stakes of investment shall be reduced or exempted. In such cases, the former Article 55 (2) shall apply mutatis mutandis.

Article 11 (Applicability to special provisions on taxation on corporate tax on investment in kind of land in enterprise city development project area)

The amended provisions of Article 85-3 shall apply beginning from the investment in the business year to which the date of promulgation of this Act belongs.

Article 12 (Applicability to special provisions on taxation on stockholders of ship investment company)

The amended provisions of Article 87-5 shall apply beginning from the first dividend income received after this Act enters into force.

Article 13 (Applicability to non-taxation on savings for living of aged and disabled)

The amended provisions of Article 88-2 shall apply beginning from the first savings, the account of which is opened, or the term of contract of which is extended after this Act enters into force.

Article 14 (Applicability to special provisions on taxation on favorable tax composite savings)

The amended provisions of Article 89 shall apply beginning from the first savings, the account of which is opened, or the term of contract of which is extended after this Act enters into force; provided, notwithstanding the amended provisions of Article 89 (1), the former provisions shall apply to the interest income and dividend income of savings which has no expiration date of the term of contract until December 31, 2011 as favorable tax composite savings the account of which has been opened pursuant to Article 89 (1).

Article 15 (Applicability to presentation of favorable tax data)

The amended provisions of Article 89-2 shall apply beginning from the first savings the account of which was opened after October 20, 2008.

Article 16 (Applicability to low rate taxation on deposits of association)

The amended provisions of Article 89-3 shall apply beginning from the first income accrued after this Act enters into force.

Article 17 (Applicability to non-taxation of income tax and special case of withholding for dividend income of long-term possessed stocks)

The amended provisions of Article 91 shall apply beginning from the first dividend income received after this Act enters into force.

Article 18 (Applicability to special provisions on taxation on dividend income of stocks of social infrastructure investment and financing company)

The amended provisions of Article 91-4 shall apply beginning from the dividend income received after this Act enters into force.

Article 19 (Applicability to income deduction for long-term stock-type savings)

The amended provisions of Article 91-9 shall apply beginning from the first savings the account of which was opened after October 20, 2008.

Article 20 (Applicability to non-taxation on long-term corporate debenture-type savings)

The amended provisions of Article 91-10 shall apply beginning from the first savings, the account of which was opened after October 20, 2008.

Article 21 (Applicability to special provisions on taxation on houses unsold in country)

The amended provisions of Article 98-2 shall apply beginning from the first house transferred after this Act enters into force.

Article 22 (Applicability to special provisions on taxation on capital gains tax for acquisitors of houses in agricultural and fishing villages)

The amended provisions of Article 99-4 shall apply beginning from the first acquisition of a house in agricultural and fishing villages or a house in a native place after this Act enters into force.

Article 23 (Applicability to qualifications for application for bounty on labor)

The amended provisions of Articles 100-3, 100-5, 100-6 and 100-11 shall apply beginning from the income belonging to the taxable year to which the enforcement date of this Act belongs.

Article 24 (Applicability to special provisions on taxation on land acquired by housing construction business operator)

The amended provisions of Article 104-19 shall apply beginning from the first acquisition of land for which liability of tax payment is constituted after this Act enters into force.

Article 25 (Applicability to additional collection of value-added tax for tax-free oil for agriculture and fishery use)

The amended provisions of Article 106-2 (12) 3 shall apply beginning from the first application for repayment of a tax amount reduced or exempted after this Act enters into force.

Article 26 (Applicability to reduction and exemption of corporate tax for foreigners' investment)

The amended provisions of Article 121-2 shall apply beginning from the first application for tax reduction or exemption after this Act enters into force.

Article 27 (Applicability to exclusion of tax reduction and exemption for investment in overpopulation control area in Seoul Metropolitan Area)

The amended provisions of Article 130 shall apply beginning from the first investment after this Act enters into force.

Article 28 (Special cases concerning minimum limitation Tax) (1) Notwithstanding the amended provisions of Article 132 (1), "13/100 (10/100 for the part under the tax base of 100 billion won, 7/100 in cases of small or medium enterprises)" of the same provisions shall be "15/100 (13/100 for the part under the tax base of 100 billion won, 8/100 in cases of small or medium enterprises)" in the business year to which the enforcement date of this Act belongs.

(2) Notwithstanding the amended provisions of Article 132 (1), "13/100 (10/100 for the part under the tax base of 100 billion won, 7/100 in cases of small or medium enterprises)" of the same provisions shall be "14/100 (11/100 for the part under the tax base of 100 billion won, 8/100 in cases of small or medium enterprises)" in the business year to which the date when one year has passed after this Act enters into force belongs.

(3) When calculating a tax amount of interim prepayment under Article 63 (1) of the Corporate Tax Act of the business year beginning after January 1, 2009, the minimum tax of the preceding business year of the relevant business year shall be calculated by application of rates under paragraph (2), and when

calculating a tax amount of interim prepayment under Article 63 (1) of the Corporate Tax Act of the business year beginning after January 1, 2010, the minimum tax of the preceding business year of the relevant business year shall be calculated by application of the amended provisions of Article 132 (1).

Article 29 (Applicability to composite limits of reduction or exemption of capital gains tax and donation tax)

The amended provisions of Article 133 shall apply beginning from the first transfer in the taxable year to which the enforcement date of this Act belongs.

Article 30 (Applicability to special provisions on taxation on sales profit of inventory assets in logistics facilities in bonded area of non-residents)

The amended provisions of Article 141-2 shall apply beginning from the first income paid after this Act enters into force.

Article 31 (Transitional measures concerning special provisions on taxation on investment in investment company for establishment of small or medium enterprises)

Notwithstanding the amended provisions of Article 14 (2), the former provisions shall apply to transfer of stocks or stakes of investment acquired by investment pursuant to the former Article 14 (2) before this Act enters into force.

Article 32 (Transitional measures concerning inclusion of transfer marginal profit of international ship in deductible expenses)

Notwithstanding the amended provisions of Article 23, the former provisions shall apply to deferred taxation on transfer marginal profits accrued from transfer of a ship pursuant to the former Article 23 (1) before this Act enters into force.

Article 33 (Transitional measures concerning reduction or exemption of capital gains tax)

Where small or medium enterprises having converted their businesses have transferred inventory assets for business use before conversion pursuant to the former Article 33 before this Act enters into force, the former provisions shall apply to reduction and exemption, deferred taxation and additional collection or such for capital gains tax.

Article 34 (Transitional measures concerning special provisions on taxation on investment in kind)

Notwithstanding the amended provisions of Article 38, the former provisions shall apply to deferred taxation on transfer marginal profits accrued from investment of assets in kind pursuant to the former Article 38 (1) before this Act enters into force.

Article 35 (Transitional measures concerning special provisions on taxation on corporate tax for Transfer marginal profit of land acquired to support company restructuring)

Notwithstanding the amended provisions of Article 43-2, the former provisions shall apply to inclusion in gross income of transfer marginal profits accrued from transfer of land, etc. pursuant to the former Article 43-2 (1) before this Act enters into force.

Article 36 (Transitional measures concerning special provisions on taxation on exchange of stocks between companies)

Notwithstanding the amended provisions of Article 46, the former provisions shall apply to deferred taxation on transfer marginal profits accrued from transfer of stocks pursuant to the former Article 46 (1) before this Act enters into force.

Article 37 (Transitional measures concerning special provisions on taxation on exchange of stocks of newly established corporation)

In case of exchange of stocks pursuant to the former Article 47 before this Act enters into force, notwithstanding the amended provisions of Article 47, the former provisions shall apply to deferred taxation on an amount equivalent to transfer marginal profits of assets at the time of investment in kind or division in kind.

Article 38 (Transitional measures concerning special provisions on taxation for establishment of financial holding company)

Notwithstanding the amended provisions of Article 52-2, the former provisions shall apply to deferred taxation on transfer marginal profits accrued from exchange or transfer of stocks pursuant to the former Article 52-2 before this Act enters into force.

Article 39 (Transitional measures concerning special provisions on taxation for securities investment company for restructuring enterprises)

When a securities investment company for restructuring enterprises under the former Article 54 (4) calculates the corporate tax on the income of the business year beginning before this Act enters into force, notwithstanding the amended provisions of Article 54, the former provisions shall apply to the dividend of the relevant business year.

Article 40 (Transitional measures concerning special provisions on taxation for specialized company restructuring enterprises)

Notwithstanding the amended provisions of Article 55, the former provisions shall apply to transfer of stocks or stakes of investment acquired by investment in an enterprise subject to restructuring pursuant to the former Article 55 (1) before this Act enters into force.

Article 41 (Transitional measures according to exemption of value-added tax on diapers and powdered milk for infant)

Where a business operator who is converted into a value added tax-free business operator or to whom a tax-free business is added pursuant to the amended provisions of Article 106 (1) 11 directly uses money and property acquired before this Act enters into force for a business exempt from value-added tax, Articles 6 (2) and 17 (5) of the Value-Added Tax Act shall not apply.

ADDENDA <*Act No. 9276, Dec. 29, 2008*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 9346, Jan. 30, 2009*>

Article 1 (Enforcement date)

이 법은 2028년 1월 1일부터 시행한다. < *2009. 12. 31., 2013. 1. 1., 2015. 12. 15., 2018. 12. 31., 2021. 12. 21., 2024. 12. 31.*>

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 9353, Jan. 30, 2009*>

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to reduction of and exemption from corporate tax of enterprises moving into investment promotion zone in Asian Cultural Hub City) The amended provisions of Article 121-20 shall apply beginning from the first enterprise (where an enterprise located in the investment promotion zone in an Asian Cultural Hub City before this Act enters into force increases the capital or makes an investment in the period from the enforcement date of this Act to December 31, 2012, such capital increase or investment shall be included) moving into the investment promotion zone after the enforcement date of this Act.

ADDENDA <*Act No. 9366, Jan. 30, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA <*Act No. 9370, Jan. 30, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 through 4 Omitted

ADDENDA <*Act No. 9374, Jan. 30, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

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Article 2 Omitted.

ADDENDA <*Act No. 9432, Feb. 6, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 9512, Mar. 25, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special taxation for enterprises maintaining employment)

The amended provisions of Article 30-3 shall apply beginning from the taxable year to which the enforcement date of this Act belongs.

Article 3 (Applicability to reduction of or exemption from land, etc. subject to purchase according to designation of areas of restricted development)

The amended provisions of Article 77-3 shall apply beginning from the first transfer in the taxable year to which the enforcement date of this Act belongs.

Article 4 (Applicability to special taxation for investment trust of houses unsold in lots)

The amended provisions of Article 91-11 shall apply beginning from the first payment after this Act enters into force.

Article 5 (Applicability to special taxation for retirement income)

The amended provisions of Article 96 shall apply beginning from the income derived in the taxable year to which the enforcement date of this Act belongs.

Article 6 (Applicability to special taxation for capital gains tax from acquisition of unsold houses in country)

The amended provisions of Article 98-2 (4) shall apply beginning from the first transfer after this Act enters into force.

Article 7 (Applicability to special taxation for capital gains tax for purchasers of houses unsold in lots)

The amended provisions of Article 98-3 shall apply beginning from the first transfer made after this Act enters into force.

Article 8 (Applicability to special cases concerning inclusion in deductible expenses in contributing refund amount from non-performing loan resolution fund of financial institutions)

The amended provisions of Article 104-11 shall apply beginning from the first report after this Act enters into force.

Article 9 (Transitional measures concerning special cases concerning retirement income)

Where the retirement tax amount in the year 2009 is withheld by applying the former provisions because a resident retires before this Act enters into force and the tax amount withheld exceeds an amount to be paid based on the amended provisions of this Act, the resident may receive back the exceeding amount in accordance with the final return on retirement income tax base under Article 71 of the Income Tax Act.

ADDENDA *<Act No. 9584, Apr. 1, 2009>*

Article 1 (Enforcement date)

This Act shall enter into force on May 8, 2009.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 9620, Apr. 1, 2009>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 9671, May 21, 2009>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to temporary investment tax deduction)

The amended provisions of Article 26 (1) and (6) shall apply beginning from the first investment in the taxable year whereto belongs the date this Act enters into force; provided, the amended provisions of Article 26 (1) 1 shall apply to the investment made after this Act enters into force concerning the investment in process as of the enforcement date of this Act after the investment began on or after July 1, 2000.

Article 3 (Applicability to special taxation for small or medium enterprises maintaining employment)

The amended provisions of Article 30-3 (3) shall apply to the portion of the taxable year whereto belongs the date this Act enters into force.

Article 4 (Applicability to special taxation on asset sale for redemption of financial liabilities of enterprises)

The amended provisions of Article 34 shall apply beginning from the first transfer after this Act enters into force.

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Article 5 (Applicability to special taxation for takeover/payment of liabilities)

The amended provisions of Article 39 shall apply beginning from the first takeover/payment after this Act enters into force.

Article 6 (Applicability to special taxation on corporate tax following assets transfer by stockholders, etc.)

The amended provisions of Article 40 shall apply beginning from the first grant of donation or transfer after this Act enters into force.

Article 7 (Applicability to special taxation on gains from debt exemption of corporation following financial restructuring plan)

The amended provisions of Article 44 shall apply beginning from the first exemption after this Act enters into force.

Article 8 (Applicability to special taxation for reduction of capital)

The amended provisions of Article 45 shall apply beginning from the first grant of donation and retirement after this Act enters into force.

Article 9 (Applicability to special taxation on exchange of stocks between enterprises)

The amended provisions of Article 46 shall apply beginning from the first transfer after this Act enters into force.

Article 10 (Applicability to special taxation on reserves for structural improvement)

The amended provisions of Article 48 shall apply beginning from the first reserve after this Act enters into force.

Article 11 (Applicability to special taxation of corporate tax on association corporation)

The amended provisions of Article 72 shall apply beginning from the portion of the business year whereto belongs the date this Act enters into force.

Article 12 (Applicability to special taxation for donations)

The amended provisions of Article 73 shall apply beginning from the portion of the business year whereto belongs the date this Act enters into force.

Article 13 (Applicability to special taxation for investment trust of houses unsold in lots)

The amended provisions of Article 91-11 shall apply beginning from the first payment given after this Act enters into force.

Article 14 (Applicability to special taxation for investment trusts, etc. for exclusive use of overseas Koreans)

The amended provisions of Article 91-12 shall apply beginning from the first payment given after this Act enters into force.

Article 15 (Applicability to special taxation on capital gains tax for purchasers of houses unsold in lots)

The amended provisions of Article 98-3 shall apply beginning from the first transfer made after this Act enters into force.

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Article 16 (Applicability to special taxation on capital gains tax for housing acquisition by non-residents)

The amended provisions of Article 98-4 shall apply beginning from the first transfer made after this Act enters into force.

Article 17 (Applicability to special cases of taxation on companies for the purpose of capital expansion)

The amended provisions of Article 104-3 shall apply beginning from the first reserve for loss compensation appropriated for deductible expense after this Act enters into force.

Article 18 (Applicability to special taxation on capital gains tax following execution of industrial complex development projects)

The amended provisions of Article 104-20 shall apply beginning from the first transfer made after this Act enters into force.

Article 19 (Applicability to reduction or exemption of individual consumption tax for replacement of deteriorated motor vehicles)

The amended provisions of Article 109-2 shall only apply to motor vehicles carried out from the manufacturing plant or import thereof reported from May 1, 2009 to December 31, 2009.

Article 20 (Applicability to exemption from securities transaction tax)

The amended provisions of Article 117 shall apply beginning from the first transfer made after this Act enters into force.

Article 21 (Applicability to reduction or exemption of acquisition tax and registration tax for replacement of deteriorated motor vehicles)

The amended provisions of Article 120-2 shall only apply to motor vehicles acquired and registered from May 1, 2009 to December 31, 2009.

Article 22 (Transitional measures concerning reduction or exemption of individual consumption tax for replacement of deteriorated motor vehicles)

Notwithstanding Article 19 of Addenda, where business operators, such as manufacturers, wholesale dealers or retailers or import business operators who posses, as of April 30, 2009, a passenger motor vehicle for which individual consumption tax has been already paid or to be paid being carried out from the manufacturing plant or a bonded area on or before April 30, 2009 are confirmed by the head of the competent tax office or the head of the competent customs office by attaching evidences, such as a sale confirmation note, an inventory confirmation note, an application for refund, etc. which are determined by the Commissioner of National Tax Service or of Korea Customs Service, reduction or exemption, refund or deduction under Article 109-2 may be made for the relevant passenger motor vehicle by deeming it as being carried out from the manufacturing plant or the bonded area on or after May 1, 2009.

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ADDENDA <*Act No. 9705, May 22, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 9708, May 22, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 11 Omitted.

ADDENDA <*Act No. 9763, Jun. 9, 2009*>

Article 1 (Enforcement date)

This Act shall enter into force nine months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 8 Omitted.

ADDENDA <*Act No. 9921, Jan. 1, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2010; provided, the amended provisions of Articles 37, 38, 38-2 (2) (applicable only to the amended part of "Article 46 (2) of the Corporate Tax Act"), 46 (4), 47-3 (excluding the amended part of "December 31, 2012"), 117 (1) 14, and 119 (1) 7, 10 and 30, and Article 120 (1) 6, 9 and 26, and paragraph (6) 13 of the same Article shall enter into force on July 1, 2010, and the part concerning the repeal of traffic, energy and environment tax among the amended provisions of Articles 111, 111-2, 113 and 140 shall enter into force on the date Act No. 9346 repealing the Traffic, Energy and Environment Tax Act enters into force. <*Amended on Mar. 12, 2010*>

Article 2 (General applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions concerning value-added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions concerning individual consumption tax, traffic, energy and environment tax, education tax, and mileage tax among this Act shall apply beginning from the first entry into a specific place, first takeout from factory or bonded area, or first import declaration after this Act enters into force.

(6) The amended provisions of this Act concerning the stamp tax shall apply starting with taxable documents first prepared after this Act enters into force.

(7) The amended provisions concerning acquisition tax and registration tax among this Act shall apply beginning from the first acquisition or registration after this Act enters into force.

(8) The amended provisions concerning customs duty among this Act shall apply beginning from the first import declaration after this Act enters into force.

Article 3 (Applicability of tax credits for investment by small or medium enterprises)

The amended provisions of Article 5 (1) shall apply beginning from the first investment after this Act enters into force.

Article 4 (Applicability of special taxation for support projects of informatization for small or medium enterprises)

The amended provisions of Article 5-2 shall apply beginning from the contributions, etc. that are received after this Act enters into force.

Article 5 (Applicability of reduction of, or reduction from, tax for small or medium start-up enterprises)

(1) The amended provisions of Article 6 (1) and (2) shall apply beginning from the start-up, designation or certification after this Act enters into force.

(2) The amended provisions of Article 6 (4) shall apply beginning from the first case in which small or medium enterprises fall under the new energy technology small or medium enterprises after this Act enters into force.

Article 6 (Applicability of tax credits to improve corporate payment system including negotiable instruments)

The amended provisions of Article 7-2 shall apply beginning from the payment made in the taxable year to which the date this Act enters into force belongs.

Article 7 (Applicability of special cases of inclusion in deductible expenses for small or medium enterprise support facilities)

The amended provisions of Article 8 (1) shall apply beginning from the donation or transfer after this Act enters into force.

Article 8 (Applicability of special taxation of contributions, etc. for research and development)

The amended provisions of Article 10-2 (1) shall apply beginning from the receipt of contributions, etc. for research and development after this Act enters into force.

Article 9 (Applicability of tax credits for investment in facilities for research and manpower development)

The amended provisions of Article 11 (1) shall apply beginning from the investment after this Act enters into force.

Article 10 (Applicability of special taxation for acquisition cost of technology)

The amended provisions of Article 12 (2) shall apply beginning from the acquisition after this Act enters into force.

Article 11 (Applicability of reduction of or exemption from corporate tax for high-tech enterprises moving to special research and development zones)

The amended provisions of Article 12-2 (1) shall apply beginning from the enterprises that are designated or established after this Act enters into force.

Article 12 (Applicability of non-taxation of gains, etc. from transfer of stocks of small and medium start-up investment companies, etc.)

The amended provisions of Article 13 (1) and (3) shall apply beginning from the first transfer of stocks or equity shares or first receipt of dividend income after this Act enters into force.

Article 13 (Applicability of reduction of or exemption from income tax on foreign engineers)

The amended provisions of Article 18 (2) shall apply beginning from the first offer of services after conclusion of a contract for the introduction of technology after this Act enters into force.

Article 14 (Applicability of exemption from corporate tax on dividend income from investment in overseas resources development)

The amended provisions of Article 22 (1) shall apply beginning from the dividend received in the taxable year to which the date this Act enters into force belongs.

Article 15 (Applicability of tax credits for investment in productivity increase facilities)

The amended provisions of Article 24 (1) and (2) shall apply beginning from the investment or use after this Act enters into force.

Article 16 (Applicability of tax credit for investment in safety facilities)

The amended provisions of Article 25 (1) shall apply beginning from the investment after this Act enters into force.

Article 17 (Applicability of tax credits for investment in energy-saving facilities)

The amended provisions of the main sentence of Article 25-2 (1) shall apply beginning from the investment after this Act enters into force.

Article 18 (Applicability of tax credits for investment in facilities for environmental conservation)

The amended provisions of Article 25-3 (1) shall apply beginning from the investment made in the taxable year to which the date this Act enters into force belongs.

Article 19 (Applicability of tax credits for investment in facilities to improve quality control of medical supplies)

The amended provisions of Article 25-4 (1) shall apply beginning from the investment made in the taxable year to which the date this Act enters into force belongs.

Article 20 (Applicability of separate taxation on interest income from social infrastructure bonds)

The amended provisions of Article 29 shall apply beginning from the first issue after this Act enters into force.

Article 21 (Applicability of special taxation for comprehensive transfer of assets)

The amended provisions of Article 37 shall apply beginning from the first transfer after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 22 (Applicability of special taxation for comprehensive exchange and transfer of stocks)

The amended provisions of Article 38 shall apply beginning from the first comprehensive exchange and transfer of stocks after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 23 (Applicability of special taxation for incorporation of holding companies through investment in kind with stocks or stock swap and stock transfer)

The part except for the part other than the subparagraphs of paragraph (2) (applicable only to the amended part of "Article 46 (2) of the Corporate Tax Act") among the amended provisions of Article 38-2 shall apply beginning from the taxable year in which a return is filed for the first time after January 1, 2010, and the part other than the subparagraphs of paragraph (2) (applicable only to the amended part of "Article 46 (2) of the Corporate Tax Act") among the amended provisions of the same Article shall apply to the first investment in kind of stocks or first treasury stock swap after July 1, 2010.

Article 24 (Applicability of special taxation for corporate split for restructuring of public institutions)

(1) The amended provisions of Article 45-2 shall apply beginning from the first corporate split after June 1, 2009.

(2) The amended provisions of Article 119 (1) 31 and 32 shall apply beginning from the first registration after June 1, 2009.

Article 25 (Applicability of special taxation for exchange of stocks, etc. between enterprises)

The amended provisions of Article 46 (4) shall apply beginning from the first exchange of stocks, etc. after such provisions enter into force as prescribed in the proviso to Article 1 of Addenda.

Article 26 (Applicability of special taxation for succession to deficit carried forward following merger with venture businesses)

The part except for the amended part of "December 31, 2012" among the amended provisions of Article 47-3 shall apply beginning from the first merger after July 1, 2010, and the amended part of "December 31, 2012" among the amended provisions of the same Article shall apply to the first merger after January 1, 2010.

Article 27 (Applicability of tax credits for small or medium enterprises relocating to areas outside overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall apply beginning from the first relocation of factory facilities after this Act enters into force.

Article 28 (Applicability of reduction of, or exemption from, corporate tax for relocation of factories and head offices to areas outside of Seoul Metropolitan Area)

The amended provisions of Article 63-2 (2) shall apply beginning from the first relocation of factories or head offices after this Act enters into force.

Article 29 (Applicability of tax credits for enterprises located in agro-industrial complex)

The amended provisions of Article 64 (1) shall apply beginning from the enterprises relocating to agro-industrial complexes after this Act enters into force.

Article 30 (Applicability of exemption, etc. from corporate tax for agricultural partnership corporations, etc.)

The amended provisions of Article 66 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 31 (Applicability of exemption, etc. from corporate tax for fishery partnership corporations, etc)

The amended provisions of Article 67 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 32 (Applicability of corporate tax exemption, etc. for incorporated agricultural companies)

The amended provisions of Article 68 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 33 (Applicability of special taxation for donations)

(1) The amended provisions of Article 73 (1) 16 and 17 shall apply beginning from the taxable year in which a return is filed for the first time after this Act enters into force.

(2) The amended provisions of Article 73 (4) shall apply beginning from the first disbursement after this Act enters into force.

Article 34 (Applicability of special cases of inclusion of reserves for business proper to specific purpose in deductible expenses)

The amended provisions of Article 74 (1) shall apply beginning from the business year to which the date this Act enters into force belongs.

Article 35 (Applicability of special taxation for relocation of factories in areas subject to development plans of Multifunctional Administrative City and Innovation Cities to rural areas)

The amended provisions of Articles 77 and 133 shall apply beginning from the transfer after this Act enters into force.

Article 36 (Applicability of special taxation for relocation of factories located in areas slated for Administrative Cities and Innovative Cities to provinces)

The amended provisions of Article 85-2 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 37 (Applicability of special taxation for corporate tax on investment in kind with land located in enterprise city development project district)

The amended provisions of Article 85-3 shall apply beginning from the land with which investment in kind is made for the first time or from the stocks acquired for the first time after this Act enters into force.

Article 38 (Applicability of special taxation for corporate tax on investment in kind with land for free economic zone development projects)

The amended provisions of Article 85-4 (1) shall apply beginning from the first investment in kind after this Act enters into force.

Article 39 (Applicability of reduction of or exemption from corporate tax for social enterprises)

The amended provisions of Article 85-6 (1) shall apply beginning from the income accrued in the taxable year to which the date this Act enters into force belongs.

Article 40 (Applicability of special taxation for relocation of factories due to expropriation for public service projects)

The amended provisions of Article 85-7 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 41 (Applicability of non-taxation for long-term savings for purchase of house)

(1) The part concerning subscription savings among the amended provisions of Article 87 (2) shall apply beginning from the payment after January 1, 2010, and the part concerning collective savings for subscription for house shall apply beginning from the payment after May 6, 2009.

(2) The amended provisions of Article 87 (3) and (6) through (10) shall apply beginning from the payment after May 6, 2009.

Article 42 (Applicability of special taxation for green savings)

The amended provisions of Article 91-13 shall apply beginning from the first opening of an account or acquisition after this Act enters into force.

Article 43 (Applicability of tax credits for investment in facilities for promotion of workers' welfare)

The amended provisions of Article 94 (1) shall apply beginning from the acquisition after this Act enters into force.

Article 44 (Applicability of special cases of extinction of liability of small private enterprises to pay tax for which disposition of deficit was issued)

The amended provisions of Article 99-5 shall apply beginning from the first application after this Act enters into force.

Article 45 Deleted. <Dec. 31, 2011>

Article 46 (Applicability of calculation and allocation of income of partnership firms)

The amended provisions of Article 100-18 (1) shall apply beginning from the taxable year in which a return is filed for the first time after this Act enters into force.

Article 47 (Applicability of reduction of, or exemption from, tax on income from forest development)

The amended provisions of Article 102 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

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Article 48 (Applicability of special taxation for tax paid indirectly in foreign countries)

The amended provisions of Article 104-6 (1) shall apply beginning from the first dividend or distribution after this Act enters into force.

Article 49 (Applicability of tax credits for electronic return)

The amended provisions of Article 104-8 (2) and (3) shall apply beginning from the electronic return filed for the first time after this Act enters into force.

Article 50 (Applicability of inclusion of reserve funds for participation in EXPO 2012 Yeosu Korea in deductible expenses)

The amended provisions of Article 104-9 shall apply beginning from the inclusion of reserve funds for participation in the deductible expenses after this Act enters into force.

Article 51 (Applicability of special taxation for credit rehabilitation services companies)

The amended provisions of Article 104-12 shall apply beginning from the business year in which a return is filed for the first time after this Act enters into force.

Article 52 (Applicability of tax credits for third party distribution expenses)

The amended provisions of Article 104-14 shall apply beginning from the business year in which a return is filed for the first time after this Act enters into force.

Article 53 (Applicability of special taxation for investment in development of overseas resources)

The amended provisions of Article 104-15 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 54 (Applicability of special taxation for corporate tax on consolidation of Korea National Housing Corporation and Korea Land Corporation)

The amended provisions of Article 104-21 shall apply beginning from the business year to which the date of incorporation registration under Article 3 (3) of Addenda of the Korea Land and Housing Corporation belongs.

Article 55 (Applicability of special cases of deduction of input value-added tax on recycled waste resources)

The amended provisions of Article 108 (1) shall apply beginning from the first acquisition after this Act enters into force.

Article 56 (Applicability of exemption from registration tax)

(1) The amended provisions of proviso to Article 119 (1) 7 and proviso to subparagraph 10 of the same paragraph shall apply beginning from the portion to which a cause to collect tax on the corporate split or investment in kind as a penalty after the first corporate split or investment in kind after the same provisions enter into force as prescribed in the proviso to Article 1 of Addenda, and the amended provisions of Article 119 (1) 19 shall apply beginning from the portion registered after the Restriction of Special Taxation Act partially amended by Act No. 9272 enters into force. <*Amended on Mar. 12, 2010*>

(2) The amended provisions of Article 119 (3) 3 shall apply to small or medium enterprises for which one year has not passed after such enterprises were certified as a venture business at the time this Act enters into force.

Article 57 (Applicability of exemption from acquisition tax)

The amended provisions of proviso to Article 120 (1) 6 and proviso to subparagraph 9 of the same paragraph shall apply beginning from the portion to which a cause to collect tax on the corporate split or investment in kind as a penalty after the first corporate split or investment in kind after the same provisions enter into force as prescribed in the proviso to Article 1 of Addenda. *<Amended on Mar. 12, 2010>*

Article 58 (Applicability of collection of reduced or exempted Tax from foreign investment as penalty)

The amended provisions of Article 121-5 shall apply beginning from the cause to collect tax as penalty that occurs for the first time after this Act enters into force.

Article 59 (Applicability of reduction of, or exemption from, corporate tax for enterprises located in Jeju High-Tech Science and Technology Complex)

The amended provisions of Article 121-8 (8) 1 shall apply beginning from the first enterprise relocating to the Jeju High-Tech Science and Technology Complex after this Act enters into force.

Article 60 (Applicability of reduction of, or exemption from, corporate tax for enterprises located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

The amended provisions of Article 121-9 (1) shall apply beginning from the first enterprise relocating to the Jeju Investment Promotion Zone or Juju Free Trade Zone after this Act enters into force.

Article 61 (Applicability of reduction of, or exemption from, corporate tax for start-up enterprises located in enterprise city development zones)

The amended provisions of Article 121-17 shall apply beginning from the enterprise (as for a development project implementer, the first investment after this Act enters into force) which is incorporated for the first time after this Act enters into force, or of which a place of business is established for the first time after this Act enters into force.

Article 62 (Applicability of collection of reduced tax, exempted tax as supplement)

The amended provisions of Article 121-19 shall apply beginning from the enterprise (as for a development project implementer, the first investment after this Act enters into force) which is incorporated for the first time after this Act enters into force or of which a place of business is established for the first time after this Act enters into force.

Article 63 (Applicability of tax credits for increase, etc. in revenue)

The amended provisions of Article 122 shall apply beginning from the taxable year to which the date this Act enters into force belongs.

Article 64 (Applicability of deduction of medical expenses, etc. for faithful business operators)

The amended provisions of Article 122-3 (1) 4 shall apply beginning from the final tax base return filed for the first time after this Act enters into force.

Article 65 (Applicability of income deduction for amount spent on credit cards, etc.)

The amended provisions of Article 126-2 shall apply beginning from the calculation of total annual amount spent on credit cards, etc. to which the date this Act enters into force belongs.

Article 66 (Applicability of special cases of input tax deduction based on purchaser-issued tax invoices)

The amended provisions of Article 126-4 (1) shall apply beginning from the portion for which suppliers are to deliver a tax invoice for the first time as prescribed in Article 16 of the Value-Added Tax Act after this Act enters into force.

Article 67 (Applicability of transitional measures concerning special taxation for capital gains tax on acquisitors of newly built houses)

The amended provisions of Article 29 of Addenda of Act No. 6762, the partially amended Restriction of Special Taxation Act shall apply beginning from the return, determination or correction after this Act enters into force.

Article 68 (Special cases concerning exclusion from reduction of, or exemption from, tax short of minimum tax)

When the amount of preliminary tax under Article 63 (1) of the Corporate Tax Act for the business year beginning after January 1, 2010 is calculated, the amount of minimum tax for the business year immediately before the relevant business year shall be calculated by applying the amended provisions of Article 132 (1). In such cases, an amount calculated by applying the amended provisions of Article 132 (1) shall be the amount of reduced or exempted tax under Article 63 91) 1 of the Corporate Tax Act.

Article 69 (Transitional measures concerning tax credits for research and manpower development expenses)

The research and manpower development expenses occurred in the taxable year to which the date immediately before the date this Act enters into force belongs shall be governed by former provisions notwithstanding the amended provisions of Article 10.

Article 70 (Transitional measures concerning exemption from income tax for foreign engineers)

The foreign engineers who offer services in Korea for the first time or in accordance with a contract of introducing technology reported before this Act enters into force shall be governed by former provisions notwithstanding the amended provisions of Article 18.

Article 71 (Transitional measures concerning reduction of, or exemption from tax for small or medium enterprises relocating to areas outside overconcentration control region of Seoul Metropolitan Area)

The small or medium enterprises that have relocated to an area outside the Overconcentration Control Region of the Seoul Metropolitan area shall be governed by former provisions notwithstanding the amended provisions of Article 63 (1).

Article 72 (Transitional measures concerning reduction of, or exemption from, corporate tax where factory or head office of corporations are relocated to areas outside Seoul Metropolitan Area)

The corporations that have relocated factory or head office to a place outside the Overcontration Control Zone of the Seoul Metropolitan area shall be governed by former provisions notwithstanding the amended provisions of Article 63-2 (2).

Article 73 (Transitional measures concerning non-taxation for long-term savings for purchase of house)

(1) Any enterprise that has moved in the special research and development zone before this Act enters into force and any enterprise that has moved in the special research and development zone by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in the special research and development zone before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 12-2 (1), and (3) through (6). *<Amended on Dec. 31, 2011>*

(2) The amount deposited in the long-term savings for purchase of house no later than December 31, 20009 by a person who has opened an account of such savings as prescribed in the former Article 87 (1) shall be governed by former provisions, notwithstanding the amended provisions of Article 87 (2) and (6), and the amount deposited by only those whose total wage during the relevant taxable year is 88 million won or lower in the relevant savings between January 1, 2010 and December 31, 2012 shall be governed by former provisions.

Article 74 (Transitional measures concerning special taxation for collective investment schemes)

(1) The investment companies and private equity funds under the former Indirect Investment Asset Management Act (referring to the one before having been repealed as prescribed by Act No. 8635) shall be governed by former provisions, notwithstanding the amended provisions of Article 91-2.

(2) The profit or loss occurred before this Act enters into force, which is profit or loss from the sale or appraisal of stocks issued and traded in a foreign country shall be governed by former provisions, notwithstanding the amended provisions of Article 91-2 (2).

(3) The loss from sale or appraisal of stocks not included in the amount of dividend income from collective investment schemes, etc. as prescribed in the former Article 91-2 (2) shall be subtracted from the amount of dividend income from the collective investment schemes, etc. up to the amount of profit (applicable only to the profit included in the amount of dividend income received from collective investment schemes, etc.) accrued between January 1, 2010 and December 31, 2013. *<Amended on Dec. 27, 2010; Dec. 31, 2011; Jan. 1, 2013; Jan. 1, 2014>*

Article 75 (Transitional measures concerning special cases of deduction of input value-added tax on recycled waste resources)

Used motor vehicles acquired before this Act enters into force shall be governed by former provisions, notwithstanding the amended provisions of Article 108 (1).

Article 76 (Transitional measures concerning exemption from registration tax and acquisition tax)

The former provisions shall apply to the reduction of, or exemption from, registration tax and acquisition tax on real estate acquired by not later than December 31, 2016 by a project financing

company established and registered before this Act enters into forces, notwithstanding the amended provisions of Articles 119 (6) 3 and 120 (4) 3. *<Amended on Dec. 23, 2014>*

Article 77 (Transitional measures concerning repeal of exemption from tax on price of technology introduction)

The price of technology introduction paid in accordance with the first contract on technology introduction which stipulates the payment of price of technology introduction before this Act enters into force shall be governed by former provisions, notwithstanding the amended provisions of Article 121-6.

Article 78 (Transitional measures concerning reduction of, or exemption from, corporate tax for start-up enterprises located in enterprise city development zones)

Where an enterprise moves in an enterprise city development zone (limited to an enterprise city development project selected as the model project under Article 2 of the Addenda to the Special Act on the Development of Enterprise Cities (Act No. 7310); hereafter the same shall apply in this Article) by not later than December 31, 2012 or an enterprise that has signed a move-in agreement or memorandum of understanding to move in such zone by the end of 2013 (limited to an enterprise in Seoul Metropolitan area, if a move-in agreement or memorandum is signed in 2013) moves in the enterprise city development zone by not later than December 31, 2015, the tax reduction or exemption shall be granted under the former provisions, notwithstanding the amended provisions of Article 121-17. *<Amended on Dec. 27, 2010; Jan. 1, 2013; Dec. 23, 2014>*

ADDENDA *<Act No. 9924, Jan. 1, 2010>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2010.

Articles 2 through 7 Omitted.

ADDENDA *<Act No. 10068, Mar. 12, 2010>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 119 (1) 10 and 120 (1) 9 shall enter into force on July 1, 2010.

Article 2 (Applicability to special taxation for employment of long-term unemployed persons in small or medium enterprises)

The amended provisions of Article 30 shall apply beginning from the first income received after being employed after this Act enters into force.

Article 3 (Applicability to tax credit for increase in employment)

The amended provisions of Article 30-4 shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 4 (Applicability to repeal of special cases of inclusion of depreciation expenses in deductible expenses)

The fixed asset being governed by the former Article 30 as at the time this Act enters into force shall be governed by the former provisions until the depreciation of the relevant fixed asset completes.

Article 5 (Applicability to special taxation for donations)

The amended provisions of Article 73 (1) shall apply beginning from the first disbursement after this Act enter into force.

Article 6 (Applicability to exemption from value-added tax)

The amended provisions of Article 106 (2) shall apply beginning from the first import declaration after this Act enter into force.

Article 7 (Applicability to exemption from stamp tax)

The amended provisions of Article 116 shall apply beginning from the first tax document prepared after this Act enter into force.

Article 8 (Applicability to mitigation of customs duty)

The amended provisions of Article 118 (1) shall apply beginning from the first import declaration after this Act enter into force.

ADDENDA <*Act No. 10220, Mar. 31, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 5 Omitted.

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ADDENDA <*Act No. 10221, Mar. 31, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2011.

Articles 2 through 8 Omitted.

ADDENDA <*Act No. 10285, May 14, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special taxation for capital gains tax on acquisitors of houses unsold in lots located in areas outside Seoul Metropolitan Area)

The amended provisions of Article 98-5 shall apply beginning from the first contract after this Act enter into force.

Article 3 (Applicability to special taxation for corporate tax on consolidation of Korea National Housing Corporation and Korea Land Corporation)

The amended provisions of Article 104-21 (3) shall apply beginning from the business year to which the date of establishment registration under Article 3 (3) of Addenda of Act No. 9706, the Korea Land and Housing Corporation Act belongs.

Article 4 (Applicability to mitigation of value-added tax for general taxicab business operators)

The amended provisions of Article 106-7 shall apply beginning from the mitigation for the taxable period to which July 1, 2010 belongs.

Article 5 (Applicability to exemption from individual consumption tax on taxi fuels)

The amended provisions of Article 111-3 shall apply beginning from the portion that is supplied after May 1, 2010.

Article 6 (Applicability to reduction of or exemption from corporate tax on enterprises founded in financial hubs)

The amended provisions of Article 121-21 shall apply beginning from the first founding of a company or establishment of places of business after this Act enter into force.

ADDENDA <*Act No. 10310, May 25, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 14 Omitted.

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ADDENDA <*Act No. 10339, Jun. 4, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 10361, Jun. 8, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 10406, Dec. 27, 2010*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2011; provided, the amended provisions of Articles 104-23 shall enter into force on the date of promulgation, the amended provisions of Article 18-2 (4) and (5) shall enter into force on April 1, 2011, and the amended provisions of Articles 73 (excluding the amended provisions of paragraph (1) 14). 88-4 (13), 104-16 (4) 2 and 129 (1) shall enter into force on July 1, 2011, respectively.

Article 2 (General applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions concerning value-added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act enters into force.

(3) The amended provisions concerning the capital gains tax among this Act shall apply beginning from the first transfer after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions concerning the individual consumption tax, traffic, energy and environment tax and education tax among this Act shall apply beginning from the first sale of taxable goods in the place of sale, the first takeout or import declaration thereof from a factory or bonded area, or the first entry into a specific place after this Act enters into force.

(6) The amended provisions concerning the acquisition tax and registration and license tax among this Act shall apply beginning from the first acquisition or registration after this Act enters into force.

(7) The amended provisions of this Act concerning the customs duties shall apply starting with the portion whose importation is first declared after this Act enters into force.

(8) The amended provisions concerning the property tax, local resource and facility tax and gross real estate tax among this Act shall apply beginning from the first-constituted tax liability after this Act enters into force.

(9) The amended provisions concerning stamp tax among this Act shall apply beginning from the first-prepared tax document after this Act enters into force.

Article 3 (Applicability to Tax Reductions or Exemptions for Start-Up Small or Medium Enterprises)

The amended provisions of Article 6 (3) 19 and subparagraph 23 through 26 shall apply beginning from the first start-up, designation or certification after this Act enters into force.

Article 4 (Applicability of tax credits to improve corporate payment system including negotiable instruments)

The amended provisions of Article 7-2 (1) shall apply beginning from the first payment after this Act enters into force belongs.

Article 5 (Applicability of exclusion from gross income of income dividend received from small or medium enterprises in collaborative cooperation)

The amended provisions of Article 8-2 shall apply beginning from the income dividend that is received through the first investment after this Act enters into force.

Article 6 (Applicability of tax credits when making contributions to funds for collaborative cooperation between large enterprises and small or medium enterprises)

The amended provisions of Article 8-3 shall apply beginning from the first contributions after this Act enters into force.

Article 7 (Applicability of tax credits for research and human resources development expenses)

The amended provisions of Article 10 (1) 3 (b) shall apply beginning from the research and human resources development expenses incurred by the first enterprise which becomes no longer a small or medium enterprise after this Act enters into force.

Article 8 (Applicability of reduction of, or exemption from, corporate tax for high-tech enterprises moving to special research and development zones)

The amended provisions of Article 12-2 (1), and (3) through (6) shall apply beginning from the first enterprise which moves in a special research and development zone after this Act enters into force.

Article 9 (Applicability of income deduction for contributions to small and medium business start-up investment cooperatives)

The amended provisions of Article 16 shall apply beginning from the first contribution of investment after this Act enters into force.

Article 10 (Applicability to special taxation for foreign workers)

The amended provisions of Article 18-2 (4) and (5) shall apply beginning from the first-paid income after the amended provisions of Article 18-2 (4) and (5) under the proviso to Article 1 of the Addenda enter into force.

Article 11 (Applicability of tax credits for investment in energy-saving facilities)

The amended provisions of the main sentence of Article 25-2 (1) shall apply beginning from the first investment after this Act enters into force.

Article 12 (Applicability to Tax Credits for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25-3 (1) shall apply beginning from the first investment after this Act enters into force.

Article 13 (Applicability of tax credits for investment in facilities to improve quality control of medical supplies)

The amended provisions of Article 25-4 (1) shall apply beginning from the first investment after this Act enters into force.

Article 14 (Applicability of tax credits for employment-creating investment)

(1) The amended provisions of Article 26 shall apply beginning from the first investment after this Act enters into force.

(2) Both tax credit for temporary investment under the former Article 26 and tax credit for employment-creating investment under the amended provisions of Article 26 may apply to any investment made by December 31, 2011. In such cases, "the rate prescribed by Presidential Decree not exceeding 10/100" in the former Article 26 (1) shall be construed as "4/100 (5/100 for investment made outside the Seoul Metropolitan Area and investment made by a small or medium enterprise outside the overconcentration control region of the Seoul Metropolitan Area) of the amount".

(3) Tax credit for temporary investment under paragraph (2) in applying the provisions concerning special taxation for corporate tax on partnership corporations, etc. under Article 72, elimination of overlapping support under Article 217, exclusion from reduction and exemption in case of estimated taxation, etc. under Article 128, exclusion from reduction of or exemption from tax, etc. short of minimum tax under Article 132, tax credit carried-forward under Article 144, and additional collection of reduced or exempted tax amounts under Article 146 shall be deemed tax credit under the amended provisions of Article 26; provided, both tax credit for temporary investment under paragraph (2) and tax credit for increase in employment under Article 30-4 may be applied in the same taxable year.

Article 15 (Applicability of special taxation for enterprises under trade adjustment assistance whose business is converted)

The amended provisions of Article 33 (1) shall apply beginning from the first trade adjustment after this Act enters into force.

Article 16 (Applicability to Special Taxation for Sale of Assets to Redeem Financial Liabilities of Enterprises)

The amended provisions of Article 34 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 17 (Applicability of succession to tax reductions or exemptions and tax credits in cases of comprehensive transfer of assets)

The amended provisions of Article 37 (4) through (6) shall apply beginning from the transfer after this Act enters into force.

Article 18 (Applicability of special taxation for incorporation of holding companies through investment in kind with stocks)

(1) The amended provisions of Article 38-2 (1), (2), (5), and (6) shall apply beginning from the first investment in kind or the first exchange of the relevant stocks with treasury stocks after this Act enters into force. *<Amended on Dec. 15, 2015>*

(2) The amended provisions of Article 38-2 (3) shall also apply where an investment in kind was made in relevant stocks or relevant stocks were exchanged with treasury stocks before this Act enters into force. *<Added on Dec. 15, 2015>*

Article 19 (Applicability of special taxation for takeover or payment of liabilities)

The amended provisions of Article 39 (1) 1 and 2 shall apply beginning from the first takeover or payment of liabilities after this Act enters into force belongs.

Article 20 (Applicability to Special Taxation on Corporate Tax Following Transfer of Assets by Stockholders)

The amended provisions of Article 40 (1) and (3) shall apply beginning from the first-received donation or first transfer after this Act enters into force.

Article 21 (Applicability of special taxation for reduction of capitals)

The amended provisions of Article 45 (1) shall apply beginning from the retirement of the first-received stocks transfer after this Act enters into force.

Article 22 (Applicability of special taxation for exchange of stocks, etc. between enterprises)

The amended provisions of Article 46 (1) shall apply beginning from the first transfer after this Act enters into force.

Article 23 (Applicability of special taxation for transfer of redundant assets as result of merger)

The amended provisions of Article 47-4 (1) shall apply beginning from the first merger after this Act enters into force.

Article 24 (Applicability of reduction of, or exemption from, corporate tax for relocation of factories and head offices to areas outside Seoul Metropolitan Area)

The amended provisions of Article 63-2 (2) 2 (a) shall apply beginning from the enterprise that relocates its factory of head office for the first time after this Act enters into force.

Article 25 (Applicability of reduction of, or exemption from, capital gains tax on land for public service projects)

The amended provisions of Article 77 (2), (3), (5) and (9) (limited to the amended part of "paragraphs (1) and (2) ") shall apply beginning from the first transfer to be made in the taxable period in which the date on which this Act is promulgated falls.

Article 26 (Applicability of corporate tax reduction for social enterprises and standard workplace for disabled persons)

(1) The amended provisions of Article 85-6 (1) shall apply beginning from the first-certified social enterprise after this Act enters into force.

(2) The amended provisions of Article 85-6 (2) and (4) through (6) shall apply beginning from the taxable year in which the date on which this Act enters into force falls. In such cases, the amended provisions of Article 85-6 (2) and (4) through (6) shall apply to a standard workplace for disabled persons which is certified before this Act enters into force by deeming that such certification is granted on January 1, 2011.

Article 27 (Applicability of income deductions for annuity savings)

The amended provisions of Article 86-2 (1) and (5) shall apply beginning from the first payment after this Act enters into force.

Article 28 (Applicability of special taxation for stockholders of ship investment companies)

The amended provisions of Article 87-5 (2) shall apply beginning from the first-received dividend income after this Act enters into force.

Article 29 (Applicability of special taxation on dividend income of stocks of infrastructure investment and lending company)

The amended provisions of Article 91-4 (1) shall apply beginning from the first-received divided income after this Act enters into force.

Article 30 (Applicability of tax credits for investment in facilities for promotion of workers' welfare)

(1) The amended provisions concerning facilities referred to in subparagraph 1 or 2 which are unsold housing prescribed by Presidential Decree in areas outside the Seoul Metropolitan area among the amended provisions of the part other than each subparagraph of Article 94 (1) shall apply beginning from the first acquisition after this Act enters into force, and the amended provisions concerning facilities referred to in subparagraph 3 shall apply beginning from the taxable year in which the first return is filed after this Act enters into force.

(2) The amended provisions of Article 94 (1) 5 shall apply beginning from the first acquisition after the Act enters into force.

Article 31 (Applicability of reporting on details of calculation and allocation of income of partnership firms)

The amended provisions of Article 100-23 (3) shall apply beginning from the taxable year in which the first return is filed after this Act enters into force.

Article 32 (Applicability of special taxation for urban improvement work association)

The amended provisions of Article 104-7 (2) shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 33 (Applicability of tax credit for third party distribution expense)

The amended provisions of Article 104-14 (1) shall apply beginning from the taxable year in which the date this Act enters into force falls.

Article 34 (Applicability of special taxation for investment in development of overseas resources)

The amended provisions of Article 104-15 (1) shall apply beginning from the first investment or contribution after this Act enters into force belongs.

Article 35 (Applicability of special taxation for financial soundness of universities)

(1) The amended provisions of Article 104-16 (1) shall apply beginning from the first transfer after this Act enters into force.

(2) The amended provisions of the part other than each subparagraph of Article 104-16 (4) shall apply beginning from the first contribution after this Act enters into force.

Article 36 (Applicability of special taxation for establishment and operation of corporate sport teams)

The amended provisions of Article 104-22 shall apply beginning from the first-established corporate sport team in the business year in which December 31, 2010 falls.

Article 37 (Applicability of exclusion of transferred amount to bad debt allowances from gross incomes in cases of domestic corporations subject to application of International Accounting Standards)

The amended provisions of Article 104-23 shall apply beginning from the business year in which the amended provisions of Article 104-23 under the proviso to Article 1 of the Addenda enters into force falls.

Article 38 (Applicability of tax reductions or exemptions for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 shall apply beginning from the first-established business or place of business in the Republic of Korea after this Act enters into force.

Article 39 (Applicability of reduction of, or exemption from, value-added tax on petroleum products for agriculture, forestry, fisheries, and coastal passenger ships)

The amended provisions of Article 106-2 (10) shall apply beginning from tax-free oil to be used for purposes other than agricultural, forestry and fisheries purpose for the first time after this Act enters into force belongs.

Article 40 (Applicability of reduction of, or exemption from, individual consumption tax on taxi fuel)

The amended provisions of Article 111-3 shall apply beginning from the first provision after this Act enters into force.

Article 41 (Applicability of reduction of, or exemption from, corporate tax for foreigner's investment)

The amended provisions of Article 121-2 (14) through (17) shall apply beginning from the first application for tax reduction or exemption to be filed after this Act enters into force.

Article 42 (Applicability of tax reductions or exemptions for capital increase)

The amended provisions of Article 121-4 (5) shall apply beginning from the capital increase for which an application for tax reduction or exemption is filed for the first time after this Act enters into force.

Article 43 (Applicability of reduction of, or exemption from, corporate tax for enterprises located in Jeju High-Tech Science and Technology Complex)

The amended provisions of Article 121-8 (2) through (5) shall apply beginning from the first enterprise that moves in the Jeju high-tech science and technology complex after this Act enters into force.

Article 44 (Applicability of reduction of, or exemption from, corporate tax for enterprises located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

The amended provisions of Article 121-9 (1) and (4) through (7) shall apply beginning from the first enterprise that moves in the Jeju investment promotion zone or Jeju free trade zone after this Act enters into force.

Article 45 (Applicability of reduction of, or exemption from, corporate tax for start-up enterprises located in enterprise city development zones)

The amended provisions of Article 121-17 (1), and (4) through (8) shall apply beginning from the first enterprise that establishes its business or opens its place of business in an enterprise city development zone after this Act enters into force.

Article 46 (Applicability of reduction of, or exemption from, corporate tax on enterprises moving into investment promotion zone for Asian Cultural Hub City)

The amended provisions of Article 121-20 (1), and (4) through (7) shall apply beginning from the first enterprise that moves in the investment promotion zone for Asian Cultural Hub City after this Act enters into force.

Article 47 (Applicability of reduction of, or exemption from, corporate tax on enterprises founded in financial hubs)

The amended provisions of Article 121-21 (1), and (4) through (7) shall apply beginning from the first enterprise that establishes its business or opens its place of business in a financial hub after this Act enters into force.

Article 48 (Applicability of exclusion from reduction of, or exemption from, capital gains tax)

The amended provisions of Article 129 (1) shall apply beginning from the first trade contract to be executed after the amended provisions of Article 129 (1) under the proviso to Article 1 of the Addenda enters into force.

Article 49 (Applicability of composite ceiling on reduction or exemption of capital gains tax and gift tax)

In the application of the amended provisions of Article 133 (1) 2, the amount of tax reduced or exempted under Article 77 (limited to case where the reduction or exemption rates of 20/100 and 25/100 are applied) before this Act enters into force shall not be added up.

Article 50 (Special cases concerning reduction of, or exemption from, individual consumption tax on taxi fuel)

Where a private taxicab business operator supplied with butane under Article 111-3 (1) is a simplified taxable person referred to in Article 25 (1) of the Value-Added Tax Act, the value-added tax obtained by applying the tax rates under Article 1 (7) of the Individual Consumption Tax Act and Article 2-2 of the Enforcement Decree of the said Act, and the education tax rates thereunder shall be exempted.

Article 51 (Special cases concerning exclusion from reduction of, or exemption from, tax short of minimum tax)

Where the amount of interim prepaid tax under Article 63 (1) of the Corporate Tax Act for the business year beginning after January 1, 2011 is calculated, the amount of the minimum tax for the business year immediately before the relevant business year shall be calculated by applying the amended provisions of Article 132 (1). In such cases, an amount calculated by applying the amended provisions of Article 132 (1) shall be the amount of reduced or exempted tax under Article 63 (1) 1 of the Corporate Tax Act.

Article 52 (General transitional measures)

Local taxes imposed, reduced or exempted or to be imposed, reduced or exempted under the former provisions as at the time this Act enters into force shall be governed by the former provisions.

Article 53 (Transitional measures concerning tax credits for research and human resources development expenses)

Research and human resources development expenses of an enterprise which becomes no longer a small or medium enterprise for the first time before this Act enters into force shall be governed by the former

provisions, notwithstanding the amended provisions of Article 10 (1) 3 (b).

Article 54 (Transitional measures concerning reduction of, or exemption from, corporate tax for high-tech enterprises moving to special research and development zones)

Any enterprise that has moved in the special research and development zone before this Act enters into force and any enterprise that has moved in the special research and development zone by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in the special research and development zone before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 12-2 (1), and (3) through (6). *<Amended on Dec. 31, 2011>*

Article 55 (Transitional measures concerning succession to tax reductions or exemptions and tax credits in cases of comprehensive transfer of assets)

The comprehensive transfer of assets made before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 37 (4) through (6).

Article 56 (Transitional measures concerning special taxation for incorporation of holding companies through investment in kind with stocks)

(1) The former provisions shall apply to investment in kind or an exchange of treasury stocks made before this Act enters into force, notwithstanding the amended provisions of Article 38-2 (1), (2) (5) and (6); where an application for authorization to incorporate a financial holding company pursuant to Article 3 of the Financial Holding Companies Act was filed as of December 31, 2010, the requirements referred to in Article 38 (1) 1 and 2 are deemed satisfied and paragraph (2) 2 of the same Article shall not apply. *<Amended on May 19, 2011; Dec. 15, 2015>*

(2) Notwithstanding paragraph (1), the former Article 38-2 (3) 4 shall only apply where the largest stockholder has taken office as an executive of the subsidiary before this Act enters into force.

Article 57 (Transitional measures concerning reduction of, or exemption from, corporate tax for relocation of factories and head offices to areas outside Seoul Metropolitan Area)

Any enterprise relocated to areas outside the Seoul Metropolitan Area before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 63-2 (2) 2 (a).

Article 58 (Transitional measures concerning repeal of special taxation on donations)

Contributions made before the amended provisions of Article 73 (excluding the amended provisions of paragraph (1) 14) under the proviso to Article 1 of the Addenda, Articles 88-4 (13) and 104-16 (4) 2 shall be governed by the former provisions, notwithstanding the amended provisions of the said provisions.

Article 59 (Transitional measures concerning reduction of, or exemption from, value-added tax on petroleum products for agriculture, forestry, fisheries, and coastal passenger ships)

Tax-free oil used for purposes other than agricultural, forestry and fisheries purposes before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of

Article 106-2 (10).

Article 60 (Transitional measures concerning reduction of, or exemption from, individual consumption tax, traffic, energy and environment tax and education tax)

An individual consumption tax, traffic, energy and environment tax and education tax exempted or to be exempted under the former Articles 111 (2) and 111-3 (1) as at the time this Act enters into force shall be governed by the former provisions.

Article 61 (Transitional measures concerning corporate tax reduction or exemption for foreign investment)

Any foreigner's investment for which tax reduction or exemption is filed before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article121-2 (14) through (17).

Article 62 (Transitional measures concerning tax reductions or exemptions for capital increase)

Any capital increase for which tax reduction or exemption is filed before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-4 (5).

Article 63 (Transitional measures concerning reduction of, or exemption from, corporate tax for enterprises located in Jeju High-Tech Science and Technology Complex)

Any enterprise that has moved in the Jeju high-tech science and technology complex before this Act enters into force and any enterprise that has moved in the Jeju high-tech science and technology complex by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in the Jeju high-tech science and technology complex before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-8 (2) through (5). *<Amended on Dec. 31, 2011>*

Article 64 (Transitional measures concerning reduction of, or exemption from, corporate tax for enterprises located in Jeju Investment Promotion Zone or Jeju Free Trade Zone)

Any enterprise that has moved in the Jeju investment promotion zone or Jeju Free Trade Zone before this Act enters into force and any enterprise that has moved in the Jeju investment promotion zone or Jeju Free Trade Zone by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in the Jeju investment promotion zone or Jeju Free Trade Zone before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-9 (1), and (4) through (7). *<Amended on Dec. 31, 2011>*

Article 65 (Transitional measures concerning reduction of, or exemption from, corporate tax for start-up enterprises located in enterprise city development zones)

Any enterprise that has moved in, established its business or opened its place of business in an enterprise city development zone, and an enterprise that moves in an enterprise city development zone by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in such enterprise city development zone before January 1, 2010 under Article 78 of the Addenda to the Restriction of Special Taxation Act (Act No. 9921) before this Act enters into force shall be

governed by the former provisions, notwithstanding the amended provisions of Article 121-17 (1), and (4) through (8).

Article 66 (Transitional measures concerning reduction of, or exemption from, corporate tax on enterprises moving into investment promotion zone for Asian Cultural Hub City)

Any enterprise that has moved in the investment promotion zone for Asian Cultural Hub City before this Act enters into force and any enterprise that has moved in the investment promotion zone for Asian Cultural Hub City by December 31, 2012 after having signed a move-in agreement or memorandum of understanding to move in the investment promotion zone for Asian Cultural Hub City before January 1, 2010 shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-20 (1), and (4) through (7). *<Amended on Dec. 31, 2011>*

Article 67 (Transitional measures concerning reduction of, or exemption from, corporate tax on enterprises founded in financial hubs)

Any enterprise that has established its business or opened its place of business in a financial hub before this Act enters into force shall be governed by the former provisions, notwithstanding the amended provisions of Article 121-21 (1) and (4) through (7).

ADDENDA *<Act No. 10445, Mar. 9, 2011>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 Omitted.

Article 3 Deleted. <by Act No. 8235, Jan. 11, 2007>

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

ADDENDA *<Act No. 10529, Apr. 4, 2011>*

Article 1 (Enforcement date)

This Act shall enter into force four months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 17 Omitted.

ADDENDA *<Act No. 10596, Apr. 14, 2011>*

(1) (Enforcement date) This Act shall enter into force on the date of its promulgation.

(3) Omitted.

제140조제2항 중 "「해저광물자원 개발법」 제2조제4호"를 "「해저광물자원 개발법」 제2조제5호"로 한다.

ADDENDA <*Act No. 10631, May 19, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 122-3 (1) and 126-6 shall enter into force on August 3, 2011.

Article 2 (Applicability to special taxation for comprehensive exchange and transfer of stocks)

The amended provisions of Article 38 shall apply beginning from the first comprehensive exchange and transfer of stocks to be made in the taxable year in which the enforcement date of this Act is included.

Article 3 (Applicability to special taxation for real estate fund, etc.)

The amended provisions of Article 87-6 shall apply beginning from the first dividend income paid after this Act enters into force.

Article 4 (Applicability to special taxation for unsold houses after completion)

The amended provisions of Article 98-6 shall apply beginning from the first transferred house which is an unsold house after completion as of March 29, 2011.

Article 5 (Applicability to reduction of or exemption from value-added tax, etc. on petroleum products for agriculture, forestry, fisheries, and coastal passenger ships)

The amended provisions of Article 106-2 (2) shall apply beginning from the first petroleum products which are supplied or the import declaration of which is filed during the taxable period in which the enforcement date of this Act falls.

Article 6 (Applicability to exemption from registration and license tax)

The amended provisions of Article 119 (1) 6 shall apply beginning from the registration filed in the business year in which the enforcement date of this Act is included.

Article 7 (Applicability to exemption from acquisition tax)

The amended provisions of Article 120 (1) and (4) shall apply beginning from the first acquisition made after January 1, 2011.

Article 8 (Applicability to deduction of medical expenses for faithful business operators)

The amended provisions of Article 122-3 (1) shall apply beginning from the final return of the tax base for the taxable year in which the enforcement date of this Act is included.

Article 9 (Applicability to tax deduction for expenses incurred in verifying faithful reporting)

The amended provisions of Article 126-6 shall apply beginning from a written verification of the faithful reporting submitted for the taxable year in which the enforcement date of this Act is included.

ADDENDA <*Act No. 10653, May 19, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force one month after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <*Act No. 10682, May 19, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 10684, May 19, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 10764, May 30, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Article 2 through 4 Omitted

ADDENDA <*Act No. 10789, Jun. 7, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 10854, Jul. 14, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 10890, Jul. 21, 2011*>

Article 1 (Enforcement date)

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 10901, Jul. 25, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special taxation for self-managed real estate investment companies)

The amended provisions of Article 55-2 (5) through (7) shall apply beginning from the first newly built housing units or first purchased housing units that have never been occupied by any tenants at the time of acquisition after this Act enters into force.

Article 3 (Applicability to reduction of or exemption from capital gains tax on site for livestock stables)

The amended provisions of Article 69-2 shall apply beginning from the first transfer after this Act enters into force.

ADDENDA <*Act No. 10907, Jul. 25, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

KLRI KOREA LEGISLATION RESEARCH INSTITUTE

ADDENDA <*Act No. 11133, Dec. 31, 2011*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2012; provided, the amended provisions of Article 87 (2) and (6), 100-3 (excluding the proviso to paragraph (1) 2 and item (b) of the same subparagraph) through 100-6, 100-9, 100-13, 104-23 and Article 45 of the Addenda to the Restriction of Special Taxation Act (Act No. 9921) shall enter into force on the date of their promulgation. The amended provisions of Article 116 (1) 5 and 121-23 shall enter into force on March 2, 2012; the amended provisions of Articles 100-15 (1) and 147 on April 15, 2012, and the amended provisions of Article 105 (1) 2 on January 1, 2013, respectively.

Article 2 (General applicability)

(1) The amended provisions of this Act concerning the income tax and corporate tax shall apply starting with the taxable year that first starts after this Act enters into force.

(2) The amended provisions concerning value-added tax among this Act shall apply beginning from the first supply or receipt of goods or services, or from the first import declaration thereof after this Act

enters into force.

(3) The amended provisions of this Act concerning the capital gains tax and securities transaction tax shall apply starting with the portion first transferred after this Act enters into force.

(4) The amended provisions of this Act concerning the inheritance tax or gift tax shall apply starting with the portion for which an inheritance or gift first commences after this Act enters into force.

(5) The amended provisions concerning individual consumption tax, traffic, energy and environment tax, and education tax among this Act shall apply beginning from the first takeout from factory or bonded area after this Act enters into force.

(6) The amended provisions of this Act concerning the stamp tax shall apply starting with taxable documents first prepared after this Act enters into force.

(7) The amended provisions of this Act concerning the customs duties shall apply starting with the portion whose importation is first declared after this Act enters into force.

Article 3 (Applicability to special tax reductions or exemptions for small or medium enterprises)

The amended provisions of Article 7 (1) shall apply beginning from the taxable year to which January 1, 2012 belongs.

Article 4 (Applicability to tax credit when making contributions to funds for collaborative cooperation between large enterprises and small or medium enterprises)

The amended provisions of Article 8-3 (1) 2 shall apply beginning from the contributions made after January 1, 2012.

Article 5 (Applicability to inclusion of reserves for research and human resources development in deductible expenses)

The amended provisions of Article 9 (5) shall apply beginning from the taxable year to which January 1, 2012 belongs.

Article 6 (Applicability to non-taxation on gains from transferring stocks of small and medium business start-up investment companies)

The portion concerning a company specializing in the start-up of new technology-based businesses from among the amended provisions from Article 13 (1) through (3) shall apply beginning from the first contribution made after January 1, 2012 and the portion concerning an agriculture and food investment association shall apply beginning from the first transfer of stocks or equity shares or first receipt of dividend income after January 1, 2012.

Article 7 (Applicability to special taxation for investment in business starters)

(1) The portion concerning a company specializing in the start-up of new technology-based businesses from among the amended provisions of Article 14 (1) shall apply beginning from the first contribution made after January 1, 2012 and the portion concerning an agriculture and food investment association shall apply beginning from the transfer after January 1, 2012.

(2) The amended provisions of Article 14 (4) and (5) shall apply beginning from the portion of income accruing after January 1, 2012.

Article 8 (Applicability to Income Deductions for Contributions, etc. to Small and Medium Business Start-Up Investment Funds)

(1) The amended provisions of Article 16 (1) shall apply beginning from the portion of contribution or investment first made after January 1, 2012.

(2) The amended provisions of Article 16 (2) shall apply beginning from the first transfer or collection of the portion of equity shares or investors' equities or transfer or repurchase of beneficiary certificates after January 1, 2012.

Article 9 (Applicability to exemption from corporate tax on interest income from international financial transactions)

The amended provisions of Article 21 (1) shall apply beginning from the foreign currency bonds, foreign currency liabilities, foreign currency bills or foreign currency deposit certificates issued, borrowed or sold after January 1, 2012.

Article 10 (Applicability to tax credit for employment-creating investment)

The amended provisions of Articles 23 and 144 (3) shall apply beginning from the portion of investment first made after January 1, 2012.

Article 11 (Applicability to income tax reduction or exemption for youths employed in small or medium enterprises)

The amended provisions of Article 30 shall apply beginning from the portion of income paid to youths after they are employed after January 1, 2012.

Article 12 (Applicability to taxation carried forward of capital gains tax for conversion into corporation)

The amended provisions of Article 32 (5) shall apply beginning from the portion of business that is discontinued or capital reduction with consideration after January 1, 2012.

Article 13 (Applicability to income reduction of or exemption from corporate tax for relocation of public institutions to Innovation Cities)

① 제62조제1항의 개정규정은 2012년 1월 1일 이후 최초로 종전부동산을 양도하는 분부터 적용한다.② 제62조제4항의 개정규정은 2012년 1월 1일 이후 최초로 본점 또는 주사무소를 이전하는 분부터 적용한다.

Article 14 (Applicability to income reduction for housing subscription savings)

The amended provisions of Article 87 (2) and (6) shall apply beginning from the portion of payment for the taxable year to which the date of promulgation of this Act belongs.

Article 15 (Applicability to tax credit for investment in facilities for promotion of workers' welfare)

The amended provisions of Article 94 (1) 5 shall apply beginning from the acquisition after January 1, 2012.

Article 16 (Applicability to eligibiliy for application for labor encouragement subsidy)

(1) The amended provisions of Articles 100-3 (excluding the proviso to the part other than each item of paragraph (1) 2 and item (b) of the same subparagraph) through 100-6, 100-9, 100-13 and Articles 100-

2, 100-3 and 100-5 (excluding the amended portions of the latter part other than each subparagraph of paragraph (1)) of the Restriction of Special Taxation Act (Act No. 9921) shall apply beginning from the income reverting to the taxable year to which the date of promulgation of this Act belongs.

(2) The amended provisions of the proviso to the part other than each item of Article 100-3 (1) 2 and item (b) of the same subparagraph shall apply beginning from the income reverting to the taxable year to which the date of promulgation of this Act belongs.

Article 17 (Applicability to scope of application of special taxation for partnership firms)

The amended provisions of Article 100-15 (1) shall apply beginning from the application filed after April 15, 2012.

Article 18 (Applicability to deduction of tax amount on educational expenses for specific university or college)

The amended provisions of Article 104-18 (4) shall apply beginning from the portion of expenses first paid after January 1, 2012.

Article 19 (Applicability to exclusion of transferred amount to bad debt allowances from gross incomes in cases of domestic corporations subject to application of International Accounting Standards)

The amended provisions of Article 104-23 shall apply beginning from the portion of business year to which the date of promulgation of this Act belongs.

Article 20 (Applicability to deduction of tax amount on electronic commerce of petroleum product)

The amended provisions of Article 104-25 shall apply beginning from the portion first supplied after January 1, 2012.

Article 21 (Applicability to special cases for refund of value-added tax on machinery and materials for farming or fishing industry)

The amended provisions of Article 105-2 shall apply beginning from the portion that is first filed for refund, determined or corrected after January 1, 2012.

Article 22 (Applicability to mitigation of value-added tax for general taxicab business operators)

The amended provisions of Article 106-7 shall apply beginning from the portion of mitigation for the taxable year to which January 1, 2012 belongs.

Article 23 (Applicability to deduction of value-added tax amount for issuance of certificate of origin)

The amended provisions of Article 106-8 shall apply beginning from the portion of certificates of origin that are issued by first supplying the goods after January 1, 2012.

Article 24 (Applicability to refund of value-added tax for foreign participants of EXPO 2012 Yeosu Korea)

The amended provisions of Article 107 (9) shall apply beginning from the portion of application for refund filed after January 1, 2012.

Article 25 (Applicability to reduction or exemption of corporate tax for capital increase)

The amended provisions of Article 121-4 (2) and (4) shall apply beginning from the portion of application for tax reduction of exemption filed by making capital increase after January 1, 2012.

Article 26 (Applicability to reduction of or exemption from corporate tax for enterprises moving into high-tech medical complexes)

The amended provisions of Article 121-22 shall apply beginning from the enterprises which are first moving into the high-tech medical complex after January 1, 2012.

Article 27 (Special cases for tax credit for split of National Agricultural Cooperative Federation)

(1) The amended provisions of Article 121-23 (1) shall apply beginning from the portion first split after March 2, 2012.

(2) The amended provisions of Article 121-23 (2) shall apply beginning from the portion of comprehensive exchange of stocks after March 2, 2012.

(3) The amended provisions of Article 121-23 (3) and (4) shall apply beginning from the portion of business year to which March 2, 2012 belongs.

(4) The amended provisions of Article 121-23 (5) shall apply beginning from the portion paid first after March 2, 2012.

(5) The amended provisions of Article 121-23 (8) shall apply beginning from the taxable year to which March 2, 2012 belongs.

Article 28 (Applicability to income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (2) shall apply beginning from the portion of calculation of total annual amount spent on credit cards, etc. to which January 1, 2012 belongs.

Article 29 (Applicability to exclusion from reduction and exemption in case of estimated taxation)

The amended provisions of Article 128 (3) shall apply beginning from the portion of first filing a return for correction after January 1, 2012.

Article 30 (Applicability to special cases concerning non-inclusion of cultural entertainment expenses in deductible expenses)

The amended provisions of Article 136 (3) shall apply beginning from the portion of business year to which January 1, 2012 belongs.

Article 31 (Special cases for tax credit for employment-creating investment)

(1) for the amount invested before January 1, 2012 from among the amount invested for the taxable year to which January 1, 2012 belongs, such ceiling shall be calculated by applying the amended provisions of the proviso to Article 26 (1) 2.

(2) In calculating the ceiling under the proviso to former Article 26 (3) for the amount invested before January 1, 2012 from among the amount invested for the taxable year to which January 1, 2012 belongs, such ceiling shall be calculated by applying mutatis mutandis the amended provisions of the proviso to Article 26 (1) 2. In such cases, "relevant taxable year" shall be deemed "period of interim prepayment."

Article 32 (Transitional measures concerning exemption from corporate tax on interest income from international financial transactions)

Notwithstanding the amended provisions of Article 21 (1), the former provisions shall apply to the foreign currency bonds, foreign currency liabilities, foreign currency bills or foreign currency deposit certificates issued, borrowed or sold before January 1, 2012.

Article 33 (Transitional measures concerning citation of other Acts and subordinate statues)

Of the amended provisions of Article 74 (1) 1 (b), "the industry academic cooperation foundations under the Industrial Education and Industry-Academia-Research Cooperation Promotion Act" shall be deemed "the industry academic cooperation foundations under the Promotion of Industrial Education and Industry-Academic Cooperation Act" until January 25, 2012.

Article 34 (Transitional measures concerning reduction of or exemption from corporate tax for capital increase)

Notwithstanding the amended provisions of Article 121-4 (2) and (4), the former provisions shall apply to the portion of capital increase before January 1, 2012.

ADDENDA *<Act No. 11232, Jan. 26, 2012>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 12 Omitted.

ADDENDA *<Act No. 11241, Jan. 26, 2012>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. *<Proviso Omitted.>*

Articles 2 through 7 Omitted.

ADDENDA *<Act No. 11459, Jun. 1, 2012>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation. *<Proviso Omitted.>*

Articles 2 through 7 Omitted.

ADDENDA *<Act No. 11486, Oct 2, 2012>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to transfer of houses)

The amended provisions of Article 98-7 shall apply beginning from the first house transferred after this Act enters into force.

ADDENDA <*Act No. 11614, Jan. 1, 2013*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2013; provided, the amended provisions of Article 86-2 shall enter into force on March 1, 2013; the amended provisions of Article 111-4, on July 1, 2013; and the amended provisions of Articles 100-15 and 100-26, on January 2014, respectively.

Article 2 (General applicability)

(1) The amended provisions of this Act relating to income tax and corporate tax shall apply to the taxable years that commence after this Act enters into force.

(2) The amended provisions of this Act relating to value-added tax shall apply to the goods or services supplied, received or import declarations filed after this Act enters into force.

(3) The amended provisions of this Act relating to capital gains tax and securities transaction tax shall apply to the transfers made after this Act enters into force.

(4) The amended provisions of this Act relating to inheritance tax and gift tax shall apply to the inheritances commenced, or donations made, after this Act enters into force.

(5) The amended provisions of this Act concerning comprehensive real estate holding tax, shall begin to apply from the portion regarding which a duty to pay tax arises after this Act enters into force.

(6) The amended provisions of this Act concerning individual consumption tax, traffic, energy and environment tax, and education tax, shall begin to apply from a taxable commodity shipped out from a place of manufacture or declared as imported, or an act of entry done, after this Act enters into force.

(7) The amended provisions of this Act concerning stamp tax, shall begin to apply from taxation documents prepared after this Act enters into force.

(8) The amended provisions of this Act concerning acquisition tax, registration and license tax, property tax, local income tax, local resource and facility tax, local education tax, and resident tax, shall begin to apply from the portion regarding which a duty to pay tax arises after this Act enters into force.

(9) The amended provisions of this Act concerning customs duties, shall begin to apply from the portion declared as imported after this Act enters into force.

Article 3 (Applicability to tax credits for small or medium enterprises)

The provisions concerning the scope of business income in the amended provisions of Article 5, shall begin to apply from the portion regarding which a confirmation of faithful reporting is submitted as of January 1, 2013.

Article 4 (Applicable Examples concerning Reduction and Exemption of Tax Amount for Start-Up Small or Medium Enterprises, etc.)

The amended provisions of Article 6 shall begin to apply from the start-up of business, or designation or confirmation made, as of January 1, 2013.

Article 5 (Applicability to special tax credits for small or medium enterprises)

The amended provisions of Article 7 (2) shall begin to apply from the portion of a taxable year for which a report is made as of January 1, 2013.

Article 6 (Applicability to Income Deductions for Contributions to Small or Medium Business Start-Up Investment Funds)

The amended provisions of Article 16 (1) shall begin to apply from the portion contributed or invested as of January 1, 2013.

Article 7 (Applicability to non-taxation of interest income tax on foreign currency time deposits of non-residents, etc.)

The amended provisions of Article 21-2 shall begin to apply from the account of foreign currency time deposit opened as of January 1, 2013.

Article 8 (Applicability to tax credits for investment in safety facilities)

The amended provisions of Article 25 (1) shall begin to apply from the portion invested as of January 1, 2013.

Article 9 (Applicability to tax credits for employment-creating investment)

The amended provisions of Article 26 (1) shall begin to apply from the portion invested as of January 1, 2013.

Article 10 (Applicability to tax credits for small or medium enterprises having reinstated graduates of high schools, etc. aligned to industry demand after completing their military service)

The amended provisions of Article 29-2 shall begin to apply from the portion reinstated as of January 1, 2013.

Article 11 (Applicability to tax carried forward of capital gains tax on consolidation among small or medium enterprises or conversion into corporation)

The amended provisions of Article 31 (7) or 32 (5) shall begin to apply from where a corporation discontinues its business or disposes of its stocks or equity shares as of January 1, 2013. *<Amended on Dec. 23, 2014>*

Article 12 (Applicability to special taxation for transfer of redundant assets following merger of enterprises operating medicine manufacturing business)

The amended provisions of Article 47-4 (1) shall begin to apply from the portion merged as of January 1, 2013.

Article 13 (Applicability to special taxation for self-managed real estate investment company)

The amended provisions of Article 55-2 (5) shall begin to apply from where new housing units are built, or lease business is operated by purchasing housing units never occupied by any tenants as at the time of their acquisition, as of January 1, 2013.

Article 14 (Applicability to special cases of inclusion of reserves for business proper to specific purpose in deductible expenses)

The amended provisions of Article 74 (1) and (4) shall begin to apply from the portion for the business year in which January 1, 2013 falls.

Article 15 (Applicability to reduction or exemption of corporate tax for social enterprises and standard workplaces for persons with disabilities)

The amended provisions of Article 85-6 (1) and (2) shall begin to apply from social enterprises or standard workplaces for persons with disabilities accredited as of January 1, 2013.

Article 16 (Applicability to non-taxation on long-term savings for housing purchase)

The amended provisions of Article 87 (4) shall begin to apply from the portion for which an application for income deduction is filed as of January 1, 2013.

Article 17 (Applicability to special taxation for dividend income from collective investment securities, such as collective real estate fund, etc.)

The amended provisions of Article 87-6 (1) shall begin to apply from the portion paid as of January 1, 2013.

Article 18 (Applicability to special taxation for members of employee stock ownership association)

The amended provisions of Article 88-4 (10) shall begin to apply from the portion paid as of January 1, 2013.

Article 19 (Applicability to submission of tax-favored savings data)

The amended provisions of Article 89-2 shall begin to apply from the portion for accounts of savings, deposits, savings insurance, and pensions opened as of January 1, 2013.

Article 20 (Applicability to non-taxation on asset-building savings)

The amended provisions of Article 91-14 shall begin to apply from accounts opened for asset-building savings newly created as of January 1, 2013.

Article 21 (Applicability to eligibiliy for application for labor encouragement subsidy)

The amended provisions of Articles 100-3, 100-4, 100-6, and 100-13 shall begin to apply from the portion applied as of January 1, 2013.

Article 22 (Applicability to scope of application of special taxation for partnership firms)

The amended provisions of Articles 100-15 (1) and 100-26 shall begin to apply from where an application is filed for the application as of January 1, 2014.

Article 23 (Applicability to tax deductions for educational expenses for specific university or college)

The amended provisions of Article 104-18 shall begin to apply from facilities donated as of January 1, 2013.

Article 24 (Applicability to tax reductions or exemptions for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 shall begin to apply from where an enterprise is incorporated or a new place of business is established in the Republic of Korea as of January 1, 2013.

Article 25 (Applicability to tax credits for electronic commerce of petroleum products)

The amended provisions of Article 104-25 shall begin to apply from the portion supplied as of January 1, 2013.

Article 26 (Applicability to supply of tax-free petroleum for fishery machine)

The amended provisions of Article 106-2 (3) and (5) shall begin to apply from fishery machines reported as of January 1, 2013.

Article 27 (Applicability to prohibition of sale of tax-free petroleum by petroleum distributor whose designation is revoked)

The amended provisions of Article 106-2 (13) shall begin to apply from where any ground for additionally collecting the amount of tax reduced or exempted, arises, as of January 1, 2013.

Article 28 (Applicability to application of annual maximum quantity of petroleum for agriculture, forestry, and fishery)

The amended provisions of Article 106-2 (15) shall begin to apply from applications filed as of January 1, 2013.

Article 29 (Applicability to special cases concerning refund of individual consumption tax on fuel of motor vehicles for diplomats)

The amended provisions of Article 111-4 shall begin to apply from petroleum products purchased as of July 1, 2013.

Article 30 (Applicability to reduction or exemption of corporate tax for foreign investment)

The amended provisions of Article 121-2 (11) shall begin to apply from loans provided as of January 1, 2013.

Article 31 (Applicability to additional collection of amount of tax reduced or exempted for foreign investment)

The amended provisions of Article 121-5 (4) shall begin to apply from where any ground for additional collection arises as of January 1, 2013.

Article 32 (Applicability to Reduction or Exemption of Corporate Tax for Start-Up Enterprises in Enterprise City Development Zones)

The amended provisions of Article 121-17 shall begin to apply from where an enterprise is incorporated or a place of business is newly established as of January 1, 2013.

Article 33 (Applicability to income deduction for amount spent on credit cards)

(1) The amended provisions of Article 126-2 shall begin to apply from the portion spent on credit cards, etc. as of January 1, 2013.

(2) Notwithstanding paragraph (1), "amount used in traditional markets" and "amount spent on debit cards, etc." in paragraph (2) 4 of the amended provisions of Article 126-2, shall begin to apply from the portion for which income deduction is applied as of January 1, 2013.

Article 34 (Applicability to tax deductions for expenses incurred in verifying compliant filing)

The amended provisions of Articles 126-6 and 144 shall begin to apply from where a certification of verification of compliant filing is submitted as of January 1, 2013.

Article 35 (Applicability to composite ceiling on income deductions for income tax)

The amended provisions of Article 132-2 shall begin to apply from the portion included in necessary expenses or deducted from income for the taxable period that commences as of January 1, 2013.

Article 36 (Special cases concerning tax credits for research and human resources development expenses)

"General research and human resources developments expenses incurred in the immediately preceding taxable year" in the amended provisions of Article 10 (1) 3 (a), shall be deemed "average annual amount of general research and human resources developments expenses incurred in three preceding years retroactively from the date the relevant taxable year commences" during the taxable year that commences on between January 1, 2013 and December 31, 2013; and deemed "average annual amount of general research and human resources developments expenses incurred in two preceding years retroactively from the date the relevant taxable year commences" during the taxable year that commences on between January 1, 2014 and December 31, 2014.

Article 37 (Transitional measures concerning income deductions for contributions to small and medium business start-up investment cooperative)

Notwithstanding the amended provisions of Article 16 (1), the portions contributed or invested before January 1, 2013, shall be governed by the former provisions.

Article 38 (Transitional measures concerning special taxation for transfer of redundant assets following merger)

Notwithstanding the amended provisions of Article 47-4 (1), mergers effected before January 1, 2013, shall be governed by the former provisions.

Article 39 (Transitional measures concerning special taxation for self-managed real estate investment company)

Notwithstanding the amended provisions of Article 55-2 (5), housing units newly built or purchased before January 1, 2013, shall be governed by the former provisions.

Article 40 (Transitional measures concerning private annuity savings)

Notwithstanding the amended provisions of Articles 86 and 89-2, the accounts of private annuity savings opened before January 1, 2013 pursuant to former Article 86, shall be governed by the former provisions.

Article 41 (Transitional measures concerning annuity savings)

The accounts of annuity savings opened before March 1, 2013 pursuant to former Article 86-2, shall be deemed pension accounts under Article 20-3 (1) 2 of the Income Tax Act; provided, the former provisions of Articles 86-2 and 89-2, shall apply where the deposit money is received in a form other than pension because of the termination of contract due to the death or the death of the contracting party after the expiration of deposit payment term, or where the savings contract is terminated within five

years from the date of opening the savings account.

Article 42 (Transitional measures concerning submission of tax-favored savings data)

Notwithstanding the amended provisions of Article 89-2, the accounts of tax-favored savings opened before January 1, 2013, shall be governed by the former provisions.

Article 43 (Transitional measures concerning eligibiliy for application for labor encouragement subsidy)

Notwithstanding the amended provisions of Article 100-3 (2) 1, a person who has not received all or part of the assistances specified in Article 7 (1) 1, 2, or 4 of the National Basic Living Security Act for at least three months during the period between January 1, 2012 and December 31, 2012, may apply for the labor encouragement subsidy for the relevant taxable period.

Article 44 (Transitional measures concerning composit ceiling on income deductions for income tax)

Notwithstanding the amended provisions of Article 132-2, the investments or contributions made to the Small and Medium Business Start-Up Investment Cooperative under Article 16 (1) and designated donations under Articles 34 (1) and 52 (6) 2 of the Income Tax Act made before January 1, 2013, shall be governed by the former provisions.

Article 45 (General transitional measures concerning amendment of the local tax act)

Local taxes imposed, reduced, or exempted, or to be imposed, reduced, or exempted as at January 1, 2013 under the former provisions, shall be governed by the former provisions.

Article 46 Omitted.

ADDENDA *<Act No. 11690, Mar. 23, 2013>*

Article 1 (Enforcement date)

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA *<Act No. 11759, May 10, 2013>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 106-9, 108-2, 108-3 and 122-4 shall enter into force on January 1, 2014.

Article 2 (Applicability to special taxation for capital gains on purchasers of newly-built houses)

The amended provisions of Article 99-2 shall apply to any transfer made on or after the date this Act enters into force.

Article 3 (Applicability to special cases for payment of value-added tax by purchasers of copper scrap, etc.)

The amended provisions of Article 106-9 shall apply where an operator of copper scrap, etc. supplies, or is supplied with, copper scrap, etc. or files a report on the import thereof on or after January 1, 2014, after opening a transaction account for copper scrap, etc. on or after December 1, 2013.

ADDENDA *<Act No. 11845, May 28, 2013>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. *<Proviso Omitted.>*

Articles 2 through 17 Omitted.

ADDENDA *<Act No. 11873, Jun. 7, 2013>*

Article 1 (Enforcement date)

This Act shall enter into force on July 1, 2013.

Articles 2 through 19 Omitted.

ADDENDA *<Act No. 11965, Jul. 30, 2013>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. *<Proviso Omitted.>*

Article 2 Omitted.

Article 3 Omitted.

Article 4 Omitted.

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ADDENDA *<Act No. 11989, Jul. 30, 2013>*

Article 1 (Enforcement date)

(1) This Act shall enter into force six months after the date of its promulgation.

(2) through (4) Omitted.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 12031, Aug. 13, 2013>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Article 99-6 shall enter into force on September 1, 2013, and the amended provisions of Article 26 shall enter into force on January 1, 2014.

Article 2 (Applicability to special cases for payment of gains from exercising stock options of venture businesses)

The amended provisions of Article 16-2 shall apply to the stock options granted for the first time after this Act enters into force.

Article 3 (Applicability to decrease in basic rate of deduction of tax credits for employment-creating investment)

The amended provisions of Article 26 (1) 1 shall apply to investment made in the taxable year that commences on or after January 1, 2014.

Article 4 (Applicability to special taxation for delinquent tax of resurgent small or medium entrepreneurs)

(1) The amended provisions of Article 99-6 (1) through (4) shall apply to the applications filed on or after September 1, 2013.

(2) The amended provisions of Article 99-6 (5) and (6) shall apply to the establishment of a new business, or designation or certification obtained under Article 6 on or after September 1, 2013.

Article 5 (Applicability to special taxation for lease on deposit basis without large sum of key money)

The amended provisions of Article 99-7 shall apply to the housing mortgage loan obtained or the amount of interest repaid for the first time after this Act enters into force.

Article 6 (Applicability to refund of labor encouragement subsidies)

The amended provisions of Article 100-8 shall apply to the income accrued in or after the taxable year in which the promulgation date of this Act falls.

Article 7 (Applicability to income deduction for monthly rents for compliant business operators)

The amended provisions of Article 122-3 shall apply to the monthly rent paid for the first time after this Act enters into force.

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ADDENDA <*Act No. 12153, Jan. 1, 2014*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2014. (Proviso Omitted.)

Articles 2 through 19 Omitted.

ADDENDA <*Act No. 12173, Jan. 1, 2014*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2014; provided, the amended provisions of Article 107-2 shall enter into force on April 1, 2014, the amended provisions of Articles 121-2 (1), (2), (4), (5) and (14), and 121-3 (2) on July 1, 2014, and the amended provisions of Articles 66 (1) and (2), 68 (1) and (4), 132 (1) 4 (applicable only to the amended part relating to crops cultivation business), and 142 on

January 1, 2015, respectively.

Article 2 (General applicability)

(1) The amended provisions of this Act relating to income tax and corporate tax shall apply to the taxable years that commence after this Act enters into force.

(2) The amended provisions of this Act relating to value-added tax shall apply to the goods or services supplied, received or import declarations filed after this Act enters into force.

(3) The amended provisions of this Act relating to capital gains tax and securities transaction tax shall apply to the transfers made after this Act enters into force.

(4) The amended provisions of this Act relating to inheritance tax and gift tax shall apply to the inheritances commenced, or donations made, after this Act enters into force.

(5) The amended provisions of this Act relating to stamp tax shall apply to the tax documents prepared after this Act enters into force.

(6) The amended provisions of this Act relating to customs duties shall apply to the import declarations filed after this Act enters into force.

Article 3 (Applicability to tax credits when making contributions to funds for collaborative cooperation between large enterprises and small or medium enterprises)

The amended provisions of Article 8-3 shall apply to the contributions made after this Act enters into force.

Article 4 (Applicability to Tax Credits for Investment in Facilities for Research and Human Resources Development)

The amended provisions of Article 11 shall apply to the investments made after this Act enters into force.

Article 5 (Applicability of Special Taxation on Income, etc. from Transfer of Technology)

The amended provisions of Article 12 shall apply to the transfers conducted after this Act enters into force.

Article 6 (Applicability of Tax Credits for Technological Innovation-Oriented Merger)

The amended provisions of Article 12-3 shall apply to the mergers conducted after this Act enters into force.

Article 7 (Applicability of Tax Credits for Acquisition of Technological Innovation-Oriented Stocks)

The amended provisions of Article 12-4 shall apply to the stocks acquired after this Act enters into force.

Article 8 (Applicability to non-taxation on gains from transfer of stocks of small and medium business start-up investment companies)

The amended provisions of Article 13 shall apply to the stocks or equity shares transferred after making first contributions or dividend income received after making first contributions after this Act enters into force.

Article 9 (Applicability to income deductions for contributions to small or medium business start-up investment funds)

The amended provisions of Article 16 (1) shall apply beginning from the contributions or investments made first after this Act enters into force.

Article 10 (Applicability of Tax Credits for Investment in Energy-Saving Facilities)

The amended provisions of Article 25-2 shall apply to the investments made after this Act enters into force.

Article 11 (Applicability to tax credits for investment in facilities for environmental conservation)

The amended provisions of Article 25-3 shall apply to the investments made after this Act enters into force.

Article 12 (Applicability to tax credits for investment in facilities to improve quality control of medical supplies)

The amended provisions of Article 25-4 shall apply to the investments made after this Act enters into force.

Article 13 (Applicability to tax credits for employment-creating investment)

The amended provisions of Article 26 shall apply to the investments made in the taxable years that commence after this Act enters into force.

Article 14 (Applicability to income tax exemption for persons employed in small or medium enterprises)

The amended provisions of Article 30 shall apply to the income received from employment after this Act enters into force.

Article 15 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30-2 shall apply to conversion to regular workers after this Act enters into force.

Article 16 (Applicability to Special Taxation for Sale of Assets to Redeem Financial Liabilities of Enterprises)

The amended provisions of Article 34 (1) shall apply to the transfers made after this Act enters into force.

Article 17 (Applicability to special taxation for exchange of unlisted stocks, etc. for strategic partnership)

The amended provisions of Article 46-7 shall apply to the exchanges, etc. of stocks conducted after this Act enters into force.

Article 18 (Applicability to special taxation concerning re-investment in venture business, etc. after sale of enterprise)

The amended provisions of Article 46-8 shall apply to the re-investment made by a stockholder after selling stocks of an enterprise in his or her possession, on or after the date this Act enters into force.

Article 19 (Applicability to special taxation for transfer of redundant assets following merger)

The amended provisions of Article 47-4 (1) shall apply to the mergers conducted after this Act enters into force.

Article 20 (Applicability to reduction of or exemption from corporate tax for public institutions relocating to Innovation Cities)

The amended provisions of Article 62 shall apply beginning from the taxable years for which reports are filed after this Act enters into force.

Article 21 (Applicability to special taxation for capital gains tax on sale of farmland to support business workout)

The amended provisions of Article 70-2 shall apply to the applications for refund filed first after this Act enters into force.

Article 22 (Applicability of Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)

The amended provisions of Article 74 (1) shall apply to the reserve funds included in deductible expenses for the business year in which the enforcement date of this Act falls.

Article 23 (Applicability to special cases of including political funds in deductible expenses)

The amended provisions of Article 76 (1) shall apply to the donations made after this Act enters into force.

Article 24 (Applicability to corporate tax reduction or exemption for social enterprises and standard workplaces for disabled persons)

The amended provisions of Article 85-6 (1) and (2) shall apply to the reductions or exemptions applied in the taxable years that commence after this Act enters into force.

Article 25 (Applicability to non-taxation for long-term savings for housing purchase)

The amended provisions of Article 87 shall apply to the payment of monthly rents made after this Act enters into force.

Article 26 (Applicability to special taxation for stockholders of ship investment companies)

The amended provisions of Article 87-5 (2) shall apply to the dividends distributed after this Act enters into force.

Article 27 (Applicability to submission of tax-favored savings data)

The amended provisions of Article 89-2 (1) shall apply to the accounts opened after this Act enters into force.

Article 28 (Applicability to non-taxation on asset-building savings)

The amended provisions of Article 91-14 (1) 4 shall apply to the payment of overdue deposits after this Act enters into force.

Article 29 (Applicability to special taxation for high-yield, high-risk investment trusts)

The amended provisions of Article 91-15 shall apply to the investment trusts established after this Act enters into force.

Article 30 (Applicability to income deduction for long-term collective investment securities savings)

The amended provisions of Article 91-16 shall apply to the accounts of long-term collective investment securities savings created or established first on or after the date this Act enters into force.

Article 31 (Applicability to tax reduction or exemption for small-housing rental business operators)

The amended provisions of Article 96 shall apply beginning from income accruing from leasing on or after the date this Act enters into force.

Article 32 (Applicability to special taxation of capital gains tax for purchasers of houses, etc. in agricultural and fishing villages)

The amended provisions of Article 99-4 (1) shall apply to the houses purchased first after this Act enters into force.

Article 33 (Applicability to special taxation for labor encouragement)

The amended provisions of Articles 100-3 through 100-13 shall apply to the applications filed after this Act enters into force.

Article 34 (Applicability to special taxation for encouragement of children)

The amended provisions of Articles 100-27 through 100-31 shall apply to the applications filed on or after January 1, 2015.

Article 35 (Applicability to special taxation for income tax on multilateral-trade contracts)

The amended provisions of Article 104-4 shall apply to the trades conducted after this Act enters into force.

Article 36 (Applicability to tax credits for payment records)

The amended provisions of Article 104-5 shall apply to the submissions made after this Act enters into force.

Article 37 (Applicability to special taxation for establishment and operation of corporate sport teams)

The amended provisions of Article 104-22 (2) shall apply to the corporate sport teams established first after this Act enters into force.

Article 38 (Applicability to tax credits for electronic commerce of petroleum products)

The amended provisions of the main body of Article 104-25 (1) shall apply to the petroleum products supplied after this Act enters into force.

Article 39 (Applicability to inclusion of claims in deductible expenses following revocation of authorization for establishment, etc. of rearrangement project associations)

The amended provisions of Article 104-26 shall apply to the claims renounced after this Act enters into force, and shall also apply to the promotion committees and associations, the approval for, or authorization for the establishment of, which has been revoked under Article 16-2 of the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents before this Act enters into force.

Article 40 (Applicability to heating services supplied to rental housing constructed for permanent lease)

The amended provisions of Article 106 (1) 4-5 shall apply to the supply or receipt of services made first after this Act enters into force.

Article 41 (Applicability to special cases for payment of value-added tax by purchasers of gold-related products)

The amended provisions of Article 106-4 (5) shall apply to the supply or receipt of gold bullion in the spot gold market made first after this Act enters into force after it is deposited in a safekeeping agency under Article 126-7

Article 42 (Applicability to value-added tax relief for general taxicab business operators)

The amended provisions of Article 106-7 shall apply to the value-added tax reliefs granted in the taxable year in which the enforcement date of this Act falls.

Article 43 (Applicability to special cases concerning value-added tax for foreign tourists)

The amended provisions of Article 107-2 shall apply to the accommodation services provided after this Act enters into force.

Article 44 (Applicability to special cases concerning deduction of input tax amount of value-added tax on waste resources for recycling purposes)

The amended provisions of Article 108 (1) shall apply to the acquisition after this Act enters into force.

Article 45 (Applicability to exemption from securities transaction tax)

The amended provisions of Article 117 shall apply to the transfers of stock certificates or equity shares acquired by making an investment for the first time after the enforcement date of this Act.

Article 46 (Applicability to dividend income reductions or exemptions for foreign investment)

The amended provisions of Articles 121-2 (3) and (12), and 121-5 (1) shall apply to the applications for tax reductions or exemptions filed after this Act enters into force.

Article 47 (Applicability to corporate tax reductions or exemptions for foreign investment)

The amended provisions of Article 121-2 (11) shall apply to the applications for tax reductions or exemptions filed on or after January 1, 2015.

Article 48 (Applicability to reduction of, or exemption from, corporate tax on enterprises moving into high-tech medical complexes)

The amended provisions of Article 121-22 (5) shall apply to the reductions or exemptions applied in the taxable years that commence after this Act enters into force.

Article 49 (Applicability to special cases for tax credit for split of National Agricultural Cooperative Federation)

① 제121조의23제1항의 개정규정은 이 법 시행 후 분할하는 분부터 적용한다.② 제121조의23제3항의 개정규정은 이 법 시행 후 주식의 포괄적 교환을 하는 분부터 적용한다.

Article 50 (Applicability to deduction of medical expenses for compliant business operators)

The amended provisions of Article 122-3 shall apply to the expenses incurred after this Act enters into force.

Article 51 (Applicability to special taxation for gold bullion traded in spot gold markets)

(1) The amended provisions of Article 126-7 (1) through (7) shall apply to the supply or receipt of gold bullion, in the spot gold market, which is deposited in a safekeeping agency after this Act enters into force.

(2) The amended provisions of Article 126-7 (8) shall apply to the taxable years in which gold bullion deposited in a safekeeping agency is supplied or received in the spot gold market after this Act enters into force.

(3) The amended provisions of Article 126-7 (9) through (11) shall apply to the gold bullion, the import declaration of which is filed for trade in the spot gold market after this Act enters into force.

Article 52 (Applicability to elimination of overlapping support)

The amended provisions of Article 127 shall apply to the investments made after this Act enters into force.

Article 53 (Applicability to exclusion from reduction and exemption in cases of additionally estimated taxation)

The amended provisions of Article 128 shall apply to the determinations, corrections, or returns made or filed after this Act enters into force.

Article 54 (Applicability to composite ceiling on income deductions for income tax)

(1) The amended provisions of Article 132-2 (1) 1 shall apply to the reports filed first after this Act enters into force.

(2) The amended provisions of Article 132-2 (1) 3 shall apply to the contributions or investments made first after this Act enters into force.

Article 55 (Applicability to tax credits carried-forward)

The amended provisions of Article 144 (1) regarding the period for tax credits carried-forward shall apply to the investments made after this Act enters into force.

Article 56 (Special cases for composite ceiling on income deductions for income tax)

Composite ceiling on income deductions under the amended provisions of Article 132-2 of the Restriction of Special Taxation Act as partially amended by Act No. 11614 shall not apply to the designated donations made or expended during the period from January 1, 2013 to December 31, 2013.

Article 57 (Special cases for submission of assessment result of major special taxation to National Assembly)

Notwithstanding the amended provisions of Article 142 (4), "120 days" shall be deemed "110 days" in cases of the results of assessment to be submitted in 2015.

Article 58 (Transitional measures concerning income deductions for contributions to small and medium business start-up investment fund)

Notwithstanding the amended provisions of Article 16 (1), the former provisions shall apply to a contribution or an investment made before this Act enters into force.

Article 59 (Transitional measures concerning special taxation for foreign workers)

The former provisions shall apply to foreign workers who started working in the Republic of Korea before January 1, 2014, notwithstanding the amended provisions of Article 18-2 (2); provided, the same shall not apply where their services are offered to any related enterprises.

Article 60 (Transitional measures concerning income tax reductions or exemptions for persons employed in small or medium enterprises)

The former provisions shall apply to the youths who are employed by small or medium enterprises before January 1, 2014, notwithstanding the amended provisions of Article 30.

Article 61 (Transitional measures concerning labor encouragement)

(1) Residents who have secured tax credits under the former Article 100-3 (1) 3 and 4, (2) and (4) before January 1, 2014 shall be governed by the former provisions in their applications to be filed until the taxable year in which January 1, 2014 falls.

(2) A single income household that has at least three dependent children and has been subject to the application of the amount based on total income of the household having at least three dependent children specified in Appendix in the former Article 100-3 (1) 2 (a) and Article 100-5 (1) 4 shall be subject to the application of an amount based on total income of dual income household specified in Appendix in Article 100-3 (1) 2 and Article 100-5 (1) 3, with respect to an application to be filed in the taxable year in which January 1, 2014 falls.

Article 62 (Transitional measures concerning special taxation for deduction of fictitious input tax for aged gold)

The former provisions shall apply to the aged gold acquired and supplied before January 1, 2014, notwithstanding the amended provisions of Article 106-5.

Article 63 (Transitional measures concerning reduction of, or exemption from, corporate tax for foreign investment in Saemangeum Project Area)

The former provisions shall apply to the enterprises that have relocated into a free economic zone in Saemangeum Project Area designated under Article 4 of the Special Act on Designation and Management of Free Economic Zones and secured a tax reduction or exemption under Article 121-2 (8) before this Act enters into force, notwithstanding the amended provisions of Articles 121-2 and 121-3.

Article 64 (Transitional measures concerning reduction of, or exemption from, dividend income of foreign investors)

The former provisions shall apply to the portions for which applications for a tax reduction or exemption was filed before January 1, 2014, notwithstanding the amended provisions of Articles 121-2 (3), (6), (7), (10) and (12), and 121-5 (1)

Article 65 (Transitional measures concerning composite ceiling on income deductions for income tax)

The former provisions shall apply to the insurance premiums, medical expenses, special education expenses, statutory donations paid, and the contributions or investments made under Article 16 (1) 3 or 4 of this Act before January 1, 2014, notwithstanding the amended provisions of Articles 132-2.

Article 66 (Transitional measures concerning amount of tax credits carried-forward)

The former provisions shall apply to the amount of tax credits carried forward before January 1, 2014, notwithstanding the amended provisions of Articles 144 (1) and (2).

ADDENDA *<Act No. 12251, Jan. 14, 2014>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 12570, May 14, 2014>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special taxation for merger and division. to recover public funds)

(1) The amended provisions of Article 121-24 (1) shall apply from the division first registered on or after May 1, 2014.

(2) The amended provisions of Article 121-24 (2) and (3) shall apply from the merger first registered on or after May 1, 2014.

ADDENDA *<Act No. 12663, May 21, 2014>*

Article 1 (Enforcement date)

This Act shall enter into force on the date a merger under Article 4 (6) of the Addenda is registered. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA *<Act No. 12853, Dec. 23, 2014>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2015; provided, the amended provisions of Articles 95-2, 106-7, 122-3 (3) and 126-2 (2) shall enter into force on the date of its promulgation; the amended provisions of Article 113 (1) on April 1, 2015; the amended provisions of Article 66 (4) through (6) and (9), Article 67 (4) through (6), Article 68 (2), Article 106-4 (1), Article 122-4, and Article 133 (1) on July 1, 2015; and the amended provisions of Articles 75 and 86-3 (1) and (3) on January 1, 2016, respectively.

Article 2 (General applicability)

(1) The amended provisions concerning income tax and corporate tax in this Act shall apply beginning from the taxable year that begins on or after the date this Act enters into force.

(2) The amended provisions concerning value-added tax in this Act shall apply to goods or services that a person supplies or is supplied with, or goods, an import declaration of which is filed, on or after the date this Act enters into force.

(3) The amended provisions concerning capital gains tax and securities trading tax shall apply beginning from the first transfer made on or after the date this Act enters into force.

(4) The amended provisions concerning inheritance tax and gift tax in this Act shall apply beginning from the first inheritance commencing or the first asset conveyed as a gift on or after the date this Act enters into force.

(5) The amended provisions concerning stamp tax in this Act shall apply beginning from the first taxable document prepared on or after the date this Act enters into force.

(6) The amended provisions concerning acquisition tax and property tax in this Act shall apply where the duty to pay a tax arises on or after the date this Act enters into force.

Article 3 (Applicability to Tax Credits for Small and Medium Enterprises)

The amended provisions of Article 5 (1) shall apply to investments made in the taxable year in which a company is listed on a stock exchange.

Article 4 (Applicability of special tax reduction or exemption for small and medium enterprises)

The amended provisions of Article 7 (1) shall apply beginning from the taxable year in which this Act enters into force.

Article 5 (Applicability of Special Taxation on Income, etc. from Transfer of Technology)

The amended provisions of Article 12 shall apply where technology is transferred or licensed after this Act enters into force.

Article 6 (Applicability to Income Deductions for Contributions to Small or Medium Business Start-Up Investment Funds)

The amended provisions of Article 16 (1) shall apply to investments or contributions made on or after the date this Act enters into force.

Article 7 (Applicability of special taxation on gains from exercise of stock options)

The amended provisions of Article 16-3 shall apply to stock options granted on or after the date this Act enters into force.

Article 8 (Applicability of special taxation for foreign workers)

The amended provisions of the main sentence of Article 18-2 (2) shall also apply to foreign workers subject to Article 18-2 (2) of the former Restriction of Special Taxation Act pursuant to Article 59 of the Addenda to the Restriction of Special Taxation Act partially amended by Act No. 12173.

Article 9 (Applicability of tax credits for investment in facilities for improving productivity)

The amended provisions of Article 24 (1) shall apply beginning from an investment made on or after the date this Act enters into force.

Article 10 (Applicability of tax credits for investment in safety facilities)

The amended provisions of Article 25 (1) shall apply beginning from an investment made on or after the date this Act enters into force.

Article 11 (Applicability of tax credits for employment-creating investment)

The amended provisions of Article 26 (1) shall apply beginning from an investment made in the taxable year that begins on or after the date this Act enters into force.

Article 12 (Applicability of special taxation for including depreciation cost of service businesses in deductible expenses)

The amended provisions of Article 28 shall apply beginning from an asset invested in plant and equipment acquired on or after the date this Act enters into force.

Article 13 (Applicability of tax credits for small and medium enterprises for re-employing career-interrupted women)

The amended provisions of Article 29-3 shall apply to the re-employment of career-interrupted women on or after the date this Act enters into force.

Article 14 (Applicability of income tax reduction or exemption for youths employed by small and medium enterprises)

The amended provisions of Article 30 (1) shall apply where a person is reinstated in service on or after the date this Act enters into force.

Article 15 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30-2 (1) shall apply where the status of a person is changed to a regular employee on or after the date this Act enters into force.

Article 16 (Applicability of follow-up management of special taxation for gift tax on succession to family business)

The amended provisions of the former part in the main sentence of Article 30-6 (2) shall also apply to persons who have succeeded to a family business before this Act enters into force.

Article 17 (Applicability of special taxation for exchange of stocks, etc. between enterprises)

The amended provisions of Article 46 shall apply beginning from the exchange of stocks, etc. on or after the date this Act enters into force.

Article 18 (Applicability of special taxation for corporate tax on transfer gains following relocation of corporation's head office to outside of overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 61-4 shall apply where the head office or principal place of a corporation is relocated on or after the date this Act enters into force.

Article 19 (Applicability of corporate tax reduction or exemption for public institutions relocating to Innovation Cities)

The amended provisions of Article 62 (4) shall also apply a corporation that has relocated its head office before this Act enters into force.

Article 20 (Applicability of tax reduction or exemption for small and medium enterprises relocating to outside of overconcentration control region of Seoul Metropolitan Area)

The amended provisions of Article 63 (1) shall also apply to factory facilities relocated before this Act enters into force.

Article 21 (Applicability of corporate tax reduction or exemption for relocation of factory or head office of corporation to outside of Seoul Metropolitan Area)

(1) The amended proviso to the main sentence of Article 63-2 (1) shall apply where a corporation relocates its factory or head office on or after the date this Act enters into force.

(2) The amended proviso to the main sentence of Article 63-2 (2) shall also apply to a factory or head office relocated before this Act enters into force.

(3) The amended provisions of Article 63-2 (2) 2 shall apply where a head office is relocated on or after the date this Act enters into force.

Article 22 (Applicability of Special Cases of Including Reserve Funds for Proper Purpose Business in Deductible Expenses)

The amended provisions of Article 74 (4) shall apply beginning from the taxable year in which this Act enters into force.

Article 23 (Applicability of donation incentives)

The amended provisions of Article 75 shall apply beginning from a donation made on or after January 1, 2016.

Article 24 (Applicability of income deduction for mutual aid funds for small enterprises and small entrepreneurs)

The amended provisions of Article 86-3 (1) and (3) shall apply where a person joins in a mutual aid fund for small enterprises and small entrepreneurs on or after January 1, 2016.

Article 25 (Applicability of income deduction for collective savings accounts for housing subscription)

The amended provisions of Article 87 (2), (4), and (6) shall apply beginning from deposits made on or after the date this Act enters into force.

Article 26 (Applicability of special taxation on dividend income from collective investment securities, such as collective real estate funds)

The amended provisions of Article 87-6 (1) shall apply beginning from dividends distributed on or after the date this Act enters into force.

Article 27 (Applicability of special taxation on tax-free comprehensive savings)

The amended provisions of Article 88-2 shall apply where a person opens an account on or after the date this Act enters into force.

Article 28 (Applicability of special taxation on donations to employee stock ownership associations)

The amended provisions of Article 88-4 (13) shall apply beginning from donations made on or after the date this Act enters into force.

Article 29 (Applicability of special taxation on dividend income from stocks of overseas resources development investment company, etc.)

The amended provisions of Article 91-6 (1) shall apply beginning from dividends made on or after the date this Act enters into force.

Article 30 (Applicability of non-taxation on asset-building savings)

The amended provisions of Article 91-14 (1) 3 and (3) shall apply where a person opens an account on or after the date this Act enters into force.

Article 31 (Applicability of tax credits for investment in facilities for promoting workers' welfare)

The amended provisions of Article 94 (1) shall apply beginning from facilities acquired on or after the date this Act enters into force.

Article 32 (Applicability of tax credits on monthly rents)

The amended provisions of Articles 95-2 and 122-3 (3) shall apply beginning from monthly rents paid in the taxable year in which this Act is promulgated and subsequent taxable years.

Article 33 (Applicability of tax reduction or exemption for small housing rental business operators)

The amended provisions of Article 96 shall apply beginning from income accruing from leasing on or after the date this Act enters into force.

Article 34 (Applicability of capital gains tax reduction or exemption for quasi-public rental housing units)

The amended provisions of Article 97-5 shall apply beginning from the first housing unit acquired after this Act enters into force.

Article 35 (Applicability of special taxation on persons investing in kind in real estate investment companies for rental housing)

The amended provisions of Article 97-6 shall apply beginning from the investments in kind made after this Act enters into force.

Article 36 (Applicability of eligibiliy to apply for labor encouragement subsidies)

(1) The amended provisions of Article 100-3 (1) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

(2) The amended provisions of Article 100-3 (6) shall apply beginning from the income that belongs to the taxable year in which the Restriction of Special Taxation Act partially amended by Act No. 11614 is promulgated.

Article 37 (Applicability of filing applications for labor encouragement subsidies)

The amended provisions of Article 100-6 (2) through (4) and (6) through (8) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 38 (Applicability of determination of labor encouragement subsidies)

The amended provisions of Article 1007-7 (1) shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 39 (Applicability of verification and inspection of applicants)

The amended provisions of subparagraph 4 of Article 100-11 shall apply beginning from applications filed for a labor encouragement subsidy on or after the date this Act enters into force.

Article 40 (Applicability of special taxation for credit rehabilitation services companies)

The amended provisions of Article 104-12 (3) shall also apply to the loss compensation reserves included in the deductible expenses before this Act enters into force.

Article 41 (Applicability of tax reduction or exemption for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 (2) and (3) shall also apply to an enterprise that has relocated or moved back to the Republic of Korea before this Act enters into force.

Article 42 (Applicability of special taxation on stocks of high dividend companies)

The amended provisions of Article 104-27 shall apply beginning from dividends distributed following a resolution on the appropriation of retained earnings at the closing for the business years that begin on or after the date this Act enters into force.

Article 43 (Applicability of value-added tax exemption on business of operating dormitories)

The amended provisions of Article 106 (1) 8-2 shall also apply to implementation agreements entered into before this Act enters into force.

Article 44 (Applicability of value-added tax reduction, exemption on petroleum products for agriculture, forestry, fisheries, and coastal passenger ships)

(1) The amended provisions of Article 106-2 (5) shall apply beginning from a farmer or fisherman who fails to submit the documents on or after the date this Act enters into force.

(2) The amended provisions of Article 106-2 (10) shall apply beginning from the tax-free petroleum used by a farmer or fisherman on or after the date this Act enters into force.

(3) The amended provisions of Article 106-2 (14) shall apply beginning from a petroleum distribution business transferred to any third person on or after the date this Act enters into force.

(4) The amended provisions of Article 106-2 (20) shall apply beginning from a request for data made by an institution responsible for the control of tax-free petroleum products on or after the date this Act enters into force.

Article 45 (Applicability of special taxation for payment of value-added tax by purchasers of gold waste or scrap)

The amended provisions of Article 106-4 (1) 3 shall apply where an account for trading gold is opened and reported, gold waste or scrap is supplied or delivered, or an import declaration on gold waste or scrap is filed, on or after July 1, 2015.

Article 46 (Applicability of value-added tax relief for general taxicab business operators)

The amended provisions of Article 106-7 shall apply beginning from the taxable period in which this Act is promulgated.

Article 47 (Applicability of special cases concerning preliminary imposition of value-added tax on gold business operators)

The amended provisions of Article 108-3 shall apply beginning from the value-added tax levied or voluntarily paid with a tax return on or after the date this Act enters into force.

Article 48 (Applicability of reduction of, or exemption from, individual consumption tax on domestic passenger vehicles purchased by diplomats)

The amended provisions of Article 113 (1) shall also apply where a domestic passenger vehicle exempt from the tax as at April 1, 2015 is transferred to any third person on or after April 1, 2015.

Article 49 (Applicability of exemption from securities transaction tax)

The amended provisions of Article 117 (1) 23 shall apply where stocks or equity shares acquired through directive investment or contribution are transferred to any third person on or after the date this Act enters into force.

Article 50 (Applicability of corporate tax reduction or exemption for foreign investment)

(1) The amended provisions of Article 121-2 (4), (5), and (18) shall apply beginning from the applications for tax reduction or exemption filed on or after the date this Act enters into force. (2) The amended provisions of Article 121-2 (18) shall also apply where any of the businesses specified in Article 121-2 (1) 1 is separated from any business other than the businesses specified in Article 121-2 (1) 1 for the purposes of accounting, and an application for tax reduction or exemption has been filed before this Act enters into force, and the period of reduction or exemption does not end as at the date on which this Act enters into force.

Article 51 (Applicability of additional collection of reduced or exempted amount of tax on foreign investment)

The amended provisions of Article 121-5 (5) 4 shall also apply where a decision on tax reduction or exemption has been made before this Act enters into force.

Article 52 (Applicability of special cases concerning indirect tax on duty-free shops for travelers in Jeju-do)

The amended provisions of Article 121-13 (4) and (5) shall apply beginning from the duty-free goods sold or purchased on or after the date this Act enters into force.

Article 53 (Applicability of reduction of, or exemption from, corporate tax for start-up enterprises in enterprise city development zones)

The amended provisions of Article 121-17 (1) 3 and 4 shall apply beginning from an investment made on or after the date this Act enters into force.

Article 54 (Applicability of tax credits for increased revenue of gold business operators)

The amended provisions of Article 122-4 shall apply where an account for trading gold is opened and reported, gold waste or scrap is supplied or delivered, or an import declaration on gold waste or scrap is

filed, on or after July 1, 2015.

Article 55 (Applicability of income deduction for amounts spent on credit cards)

The amended provisions of Article 126-2 (2) shall apply beginning from a payment made by debit card, etc. in the taxable year in which this Act is promulgated.

Article 56 (Applicability of tax credits for expenses incurred in verifying compliant filing)

The amended provisions of Article 126-6 (3) shall apply beginning from a certificate of confirmation of compliant filing submitted on or after the date this Act enters into force.

Article 57 (Applicability of exclusion from reduction or exemption in cases of additionally assessed taxation)

The amended provisions of Article 128 shall apply to the determinations, corrections, and returns filed on or after the date this Act enters into force.

Article 58 (Applicability of additional collection of reduced or exempted amount of tax)

The amended provisions of Article 146 shall apply beginning from investments made on or after the date this Act enters into force.

Article 59 (Special cases concerning special taxation on tax-free comprehensive savings)

Notwithstanding the amended provisions of Article 88-2 (1) 1, "65 years" shall be construed as "61 years," in cases of an account opened during the period from January 1, 2015 to December 31, 2015; "65 years" as "62 years," in cases of an account opened during the period from January 1, 2016 to December 31, 2016; "65 years" as "63 years," in cases of an account opened during the period from January 1, 2017 to December 31, 2017; and "65 years" as "64 years," in cases of an account opened during the period from January 1, 2018 to December 31, 2018.

Article 59-2 (Special cases concerning additional collection of reduced or exempted amount of tax on asset-building savings)

Notwithstanding Articles 30 and 69 of the Addenda, the seventh anniversary of the day on which a contract is initially concluded shall be deemed the expiry date of the contract term for the relevant savings account, where Article 91-14 (3) shall apply to the extension of the contract term under Article 91-14 (2) by a person who has opened an asset-building account before this Act enters into force.

Article 60 (Transitional measures concerning income deduction for contributions to small and medium business start-up investment fund)

Notwithstanding the amended provisions of Article 16 (1), the former provisions shall apply to a contribution or an investment made before this Act enters into force.

Article 61 (Transitional measures concerning income tax reduction or exemption for foreign engineers)

Notwithstanding the amended provisions of Article 18 (2), the former provisions shall apply to foreign engineers who are providing services in the Republic of Korea as at the time this Act enters into force.

Article 62 (Transitional measures concerning follow-up management of special taxation for gift tax on succession to family business)

Notwithstanding the amended provisions of the former part of the main sentence of Article 30-6 (2), the former provisions shall apply to a person who has succeeded to a family business before this Act enters into force, and upon whom gift tax has been levied or shall be levied under the former provisions as at the time this Act enters into force.

Article 63 (Transitional measures concerning corporate tax reduction or exemption for relocation of factories and head offices of corporations to areas outside of Seoul Metropolitan Area)

Notwithstanding the amended proviso to the main sentence of Article 63-2 (1) and Article 63-2 (2) 2, the former provisions shall apply to a corporation that has relocated its factory or head office to any area outside of the Seoul Metropolitan area before this Act enters into force.

Article 64 (Transitional measures concerning tax reduction or exemption for enterprises located in agro-industrial complexes)

(1) Notwithstanding the amended provisions of Article 64 (1) 2, the former provisions shall apply to small and medium enterprises granted tax reduction or exemption, located in a development promotion district designated under Article 9 of the Balanced Regional Development and Support for Local Small and Medium Enterprises Act pursuant to the former Article 64 (1) 2 as at the time this Act enters into force; provided, if the amended provisions of Article 121-17 are applicable to a small or medium enterprise, the small or medium enterprise may choose either the amended provisions of Article 64 (1) 2 or Article 121-17 for application.

(2) Where a person chooses either the amended provisions of Article 64 (1) 2 or Article 121-17 for application pursuant to the proviso to paragraph (1), the provisions the person chooses shall apply continuously during the period of reduction or exemption.

Article 65 (Transitional measures concerning income deduction for mutual aid fund for small enterprises and small entrepreneurs)

Notwithstanding the amended provisions of Article 86-3 (1) and (3), the former provisions shall apply to the persons who joined the mutual aid fund for small enterprises and small enterprisers before January 1, 2016; provided, the amended provisions of Article 86-3 (1) and (3) shall apply, from January 1, 2016 on, to the applications filed with the Korea Federation of Small and Medium Business established under the Small and Medium Enterprise Cooperatives Act for the application of Article 86-3 (1) and (3).

Article 66 (Transitional measures concerning income deduction for collective savings accounts for housing subscription)

Notwithstanding the amended provisions of Article 87 (2) and (6), the former provisions shall apply to the deposits made by not later than the taxable year in which December 31, 2017 falls by a person who opened a savings account for housing subscription or a collective savings account for housing subscription before January 1, 2015, and whose gross wage exceeds 70 million won.

Article 67 (Transitional measures concerning special taxation on tax-free comprehensive savings)

A resident who has opened a livelihood savings account under the former Article 88-2 as at the time this Act enters into force shall be deemed to have opened a tax-free comprehensive savings account under the amended provisions of Article 88-2.

Article 68 (Transitional measures concerning penalty tax on failure to submit tax-favored data)

Notwithstanding the amended provisions of Article 90-2 (1), the former provisions shall apply to the penalty tax that has been levied or shall be levied under the former provisions as at the time this Act enters into force.

Article 69 (Transitional measures concerning non-taxation on asset-building savings)

Notwithstanding the amended provisions of Article 91-14 (1) 3 and (3), the former provisions shall apply to the persons who have opened an account before this Act enters into force.

Article 70 (Transitional measures concerning tax credits for investment in facilities for promoting workers' welfare)

Notwithstanding the amended provisions of Article 94 (4), the former provisions shall apply to facilities acquired before this Act enters into force.

Article 71 (Transitional measures concerning exemption from securities transaction tax)

Notwithstanding the amended provisions of subparagraph 20 of Article 117 (1), the former provisions shall apply to securities transferred before this Act enters into force.

Article 72 (Transitional measure concerning exemption from acquisition tax of project financing investment companies)

Notwithstanding the amended provisions of Article 120 (4) 3, the former provisions shall apply to real estates acquired by a project financing investment company whose incorporation was registered on or before December 31, 2014, by not later than December 31, 2015.

Article 73 (Transitional measures concerning corporate tax reduction and exemption on start-up enterprises in enterprise city development zones)

(1) Notwithstanding the amended provisions of Article 121-17 (1) 3 and 4, the former provisions may apply to persons granted tax reduction or exemption under the former Article 121-17 (1) 3 and 4 as at the time this Act enters into force.

(2) Where a person is eligible for reduction or exemption under either the former provisions or the amended provisions pursuant to paragraph (1), the person shall choose either the former or the amended provisions and apply the same provisions continuously during the period of reduction or exemption.

Article 74 (Transitional measures concerning additional collection of reduced or exempted amount of tax)

Notwithstanding the amended provisions of 121-19 (1), the former provisions shall apply where a reduced or exempted amount of tax shall be additionally collected under the former Article 121-19 (1) as at the time this Act enters into force.

ADDENDA <*Act No. 13082, Jan. 28, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 13230, Mar. 27, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 13372, Jun. 22, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 13383, Jun. 22, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Article 2 through 4 Omitted

ADDENDA <*Act No. 13426, Jul. 24, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 39 Omitted.

ADDENDA <*Act No. 13448, Jul. 24, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 20 Omitted.

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ADDENDA <*Act No. 13474, Aug. 11, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 35 Omitted.

ADDENDA <*Act No. 13498, Aug. 28, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force four months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 13499, Aug. 28, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force four months after the date of its promulgation.

Articles 2 through 16 Omitted.

ADDENDA <*Act No. 13560, Dec. 15, 2015*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2016; provided, the amended provisions of Articles 29-5, 126-2, and 127 (2) and (3), the amended provisions of Article 132 (1) 3 and (2) 3 (limited to the parts to which Article 29-5 is added), and the amended provisions of Article 144 (1) and (2) (limited to the parts to which Article 29-5 is added) shall enter into force on December 31, 2015; the amended provisions of Article 104-26 (1) 1 on March 2, 2016; the amended provisions of Article 107-3 on April 1, 2016; the amended provisions of Articles 106-9 (excluding the part concerning the rate of the penalty tax under paragraph (6) of the same Article), 108-2, 108-3, and 122-4 on October 1, 2016; and the amended provisions of Chapter V-9 (Article 121-25) on October 4, 2016, respectively.

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax and securities transaction tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

Article 3 (Applicability to Tax Reductions or Exemptions for Start-Up Small or Medium Enterprises)

The amended provisions of Article 6 (3) 28 shall apply beginning from a small or medium enterprise established in an area outside of the over-concentration control region of the Seoul Metropolitan area, an operator of a business incubator designated under Article 6 (1) of the Support for Small and Medium Enterprise Establishment Act, or an enterprise certified as a venture business under Article 25 of the Act on Special Measures for the Promotion of Venture Businesses, on or after the date this Act enters into force.

Article 4 (Applicability of tax credits on payments settled through win-win payment system)

The amended provisions of Article 7-4 shall apply to the payments made for the taxable years that begin on or after the date this Act enters into force.

Article 5 (Applicability of tax credits for investment in facilities for research and human resources development)

The amended provisions of Article 11 (1) shall apply beginning from investments in the facilities for research and human resources development, or facilities for commercializing new technologies made on or after the date this Act enters into force.

Article 6 (Applicability of Tax Credits for Technological Innovation-Oriented Merger)

The amended provisions of Article 12-3 (1) 2 shall apply beginning from the first merger conducted on or after the date this Act enters into force.

Article 7 (Applicability of Tax Credits for Acquisition of Technological Innovation-Oriented Stocks)

(1) The amended provisions of Article 12-4 (1) 2 and 3 shall apply beginning from the stocks or equity shares acquired on or after the date this Act enters into force.

(2) The amended provisions of Article 12-4 (2) 3 shall apply where the relevant cause arises on or after the date this Act enters into force.

Article 8 (Applicability of special treatment in payment of gains from exercising stock options of venture businesses)

The amended provisions of Article 16-2 (1) 2 and 3 shall apply beginning from stock options granted on or after the date this Act enters into force.

Article 9 (Applicability to Special Taxation on Gains from Investment of Industrial Property Rights in Kind)

The amended provisions of Article 16-4 shall apply beginning from investments made on or after the date this Act enters into force.

Article 10 (Applicability of Tax Credits for Investment in Energy-Saving Facilities)

The amended provisions of Article 25-2 (1) shall apply where an investment commences on or after the date this Act enters into force.

Article 11 (Applicability of tax credits for small and medium enterprises re-employing career-interrupted women)

The amended provisions of Article 29-3 (1) 2 shall apply where a career-interrupted woman is re-employed on or after the date this Act enters into force.

Article 12 (Applicability of tax credits for enterprises increasing jobs for youths)

The amended provisions of Article 29-5 shall apply beginning from the taxable year in which December 31, 2015 falls.

Article 13 (Applicability of income tax reduction on payments received from performance compensation fund for core personnel of small and medium enterprises)

The amended provisions of Article 29-6 shall apply where a person receives mutual aid payment on or after the date this Act enters into force.

Article 14 (Applicability of income tax reduction or exemption for employees of small or medium enterprises)

The amended provisions of Article 30 (1) shall apply beginning from the income paid to persons employed on or after the date this Act enters into force.

Article 15 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30-2 (1) shall begin to apply to cases where a change of status to a regular employee is made after this Act enters into force.

Article 16 (Applicability of special taxation for comprehensive transfer of assets)

The amended provisions of Article 37 (1) 2 shall apply beginning from an asset transferred on or after the date this Act enters into force.

Article 17 (Applicability of special taxation for assumption and payment of debts)

The amended provisions of Article 39 shall apply beginning from debts assumed and paid on or after the date this Act enters into force.

Article 18 (Applicability of special taxation for self-managed real estate investment companies)

The amended provisions of Article 55-2 (5) shall apply where a company builds corporate rental housing units or quasi-public rental housing units or purchases any of such housing units, which have never been occupied by any other person before its acquisition, to begin to operate a lease business with such housing units on or after the date this Act enters into force.

Article 19 (Applicability of special taxation of corporate tax on incorporated associations)

The amended provisions of Article 72 (1) shall apply beginning from the first merger conducted on or after the date this Act enters into force

Article 20 (Applicability of income deduction for mutual aid fund for small enterprises and small entrepreneurs)

The amended provisions of Article 86-3 (1) shall apply where a resident joins in a mutual aid fund for small enterprises and small entrepreneurs on or after January 1, 2016.

Article 21 (Applicability of income deduction for collective savings accounts for housing subscription)

The amended provisions of Article 87 (3), (6), and (9) shall apply beginning from a non-homeowner certificate submitted on or after the date this Act enters into force.

Article 22 (Applicability of special taxation for members of employee stock ownership association)

The amended provisions of Article 88-4 (6) shall apply where taxable, withdrawn stocks are withdrawn on or after the date this Act enters into force.

Article 23 (Applicability of special taxation for high-yield, high-risk investment trusts)

The amended provisions of Article 91-15 (1) shall apply where a person opens an account for a high-yield, high-risk investment trust on or after the date this Act enters into force.

Article 24 (Applicability of special taxation for collective investment schemes only for investment in foreign stocks)

The amended provisions of Article 91-17 shall apply beginning from an investment in collective investment securities issued by a collective investment scheme only for investment in foreign stocks on or after the date this Act enters into force.

Article 25 (Applicability to Special Taxation for Individual Savings Accounts)

The amended provisions of Article 91-18 shall apply where a person opens an account on or after the date this Act enters into force.

Article 26 (Applicability of tax reduction or exemption for small-housing rental business operators)

(1) The amended provisions of Article 96 (1) shall apply beginning from the income accrued from a lease business on or after the date this Act enters into force.

(2) The amended provisions of Article 96 (2) shall also apply to rental housing units leased as at the time this Act enters into force.

Article 27 (Applicability of special cases concerning deferment of tax collection from resurgent small and medium entrepreneurs)

The amended provisions of Article 99-8 shall apply beginning from an application for deferring collection to be filed on or after the date this Act enters into force.

Article 28 (Applicability of taxation related to labor encouragement subsidies)

The amended provisions of Articles 100-3 (2) 2 and 100-8 (4) shall apply beginning from an application for a labor encouragement subsidy or a subsidy for dependent children to be filed on or after the date this Act enters into force.

Article 29 (Applicability to special taxation for 2018 PyeonbgChang Olympic Game and Paralympic Winter Game)

The amended provisions of Article 104-28 shall apply beginning from the income accruing on or after the date this Act enters into force.

Article 30 (Applicability of special cases for refund of value-added tax on machinery and materials for agriculture, forestry, and fisheries)

The amended provisions of Article 105-2 (3) 4 shall apply beginning from an application for refund to be filed on or after the date this Act enters into force.

Article 31 (Applicability of reduction of customs duties)

The amended provisions of Article 118 (1) 3 shall apply beginning from an import declaration to be filed on or after the date this Act enters into force.

Article 32 (Applicability of corporate tax reduction or exemption for foreign investment)

(1) The amended provisions of Article 121-2 (11) shall also apply to foreign-capital invested companies that obtained a decision on tax reduction or exemption before this Act enters into force. In such cases, such amended provisions shall start applying to the computation of the reduced amount of tax for the taxable year that begins on or after the date this Act enters into force.

(2) The amended provisions of Article 121-2 (13) shall apply beginning from an application for tax reduction or exemption to be filed on or after the date this Act enters into force.

(3) The amended provisions of Article 121-2 (14) shall apply where an application is filed for tax reduction or exemption on or after the date this Act enters into force, or where an application for tax reduction or exemption was filed before this Act enters into force, but an initial investment has not been made yet.

Article 33 (Applicability of special taxation for division of National Federation of Fisheries Cooperatives)

The amended provisions of Article 121-25 (excluding the part concerning value-added tax in paragraph (1) of the same Article and paragraphs (7) and (8) of the same Article) shall apply to the taxable year in which December 4, 2016 falls and subsequent taxable years thereafter.

Article 34 (Applicability of deduction of medical expenses for compliant business operators)

The amended provisions of Article 122-3 (1) 2 shall apply beginning from a tax base return to be filed on or after the date this Act enters into force.

Article 35 (Applicability of tax credits for increased revenue of business operators of steel scrap, etc.)

The amended provisions of Article 122-4 (1) shall apply where a person opens and reports an account for trading scrap, etc. and supplies, or is supplied with, the goods referred to in Article 106-9 (1) 3 or files an import declaration, on or after October 1, 2016.

Article 36 (Applicability of income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (2) shall apply where an amount of income deduction for credit cards, etc. is calculated for the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

Article 37 (Applicability of elimination of overlapping support)

The amended provisions of Article 127 (2) and (3) shall apply to the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

Article 38 (Applicability to exclusion from reduction and exemption in cases of estimated taxation)

The amended provisions of Article 128 (1) shall begin to apply to cases of making a determination, correction, or report after this Act enters into force.

Article 39 (Applicability of exclusion from reduction of, or exemption from, tax short of minimum tax)

The parts to which Article 29-5 shall be added in the amended provisions of Article 132 (1) 3 and (2) 3 shall apply to the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

Article 40 (Applicability of tax credits carried-forward)

(1) The parts to which Article 29-5 shall be added in the amended provisions of Article 144 (1) and (2) shall apply to the taxable year in which December 31, 2015 falls and subsequent taxable years thereafter.

(2) The part concerning the period of carried-forward deduction in Article 144 (1) shall apply to the portions carried forward and deducted in the taxable year in which the date this Act enters into force falls.

Article 41 (Special cases concerning tax credits for investment in energy-saving facilities)

Notwithstanding the amended provisions of Article 25-2 (1), the former provisions shall apply to investments made by not later than December 31, 2016, where such investments are being made as at the time this Act enters into force.

Article 42 (Transitional measures concerning tax credits for investment in facilities for research and human resources development)

Notwithstanding the amended provisions of Article 11 (1), the former provisions shall apply to investments made in the facilities for research and human resources development, or facilities for commercializing new technologies before this Act enters into force.

Article 43 (Transitional measures concerning tax credits for technological innovation-oriented merger)

Notwithstanding the amended provisions of Article 12-3 (1) 2, the former provisions shall apply to mergers conducted before this Act enters into force.

Article 44 (Transitional measures concerning tax credits for acquisition of technological innovation-oriented stocks)

Notwithstanding the amended provisions of Article 12-4 (1) 2 and 3, the former provisions shall apply to stocks or equity shares acquired before this Act enters into force.

Article 45 (Transitional measures concerning special treatment in payment of gains from exercising stock options of venture businesses)

Notwithstanding the amended provisions of Article 16-2 (1) 2 and 3, the former provisions shall apply to stock options granted before this Act enters into force.

Article 46 (Transitional measures concerning tax credits for investment in energy-saving facilities)

Notwithstanding the amended provisions of Article 25-2 (1), the former provisions shall apply to investments made before this Act enters into force.

Article 47 (Transitional measures concerning income tax reduction or exemption for persons employed by small or medium enterprises)

Notwithstanding the amended provisions of the former part of Article 30 (1), the former provisions shall apply to a person employed before this Act enters into force.

Article 48 (Transitional measures concerning special taxation for gift tax on start-up funds)

Notwithstanding the amended provisions of Article 30-5 (2), the former provisions shall apply where a resident received a business start-up fund as a gift before this Act enters into force.

Article 49 (Transitional measures concerning special taxation for sale of assets to settle financial debts of residents)

Notwithstanding the amended provisions of Article 34, the former provisions shall apply where a resident transferred assets before this Act enters into force.

Article 50 (Transitional measures concerning special taxation for comprehensive transfer of assets)

Notwithstanding the amended provisions of Article 37 (1) 2, the former provisions shall apply to assets transferred before this Act enters into force.

Article 51 (Transitional measures concerning special taxation for self-managed real estate investment companies)

Notwithstanding the amended provisions of Article 55-2 (5), the former provisions shall apply where a company built corporate rental housing units or quasi-public rental housing units or purchased any of such housing units, which had never been occupied by any other person before its acquisition, to begin to operate a lease business with such housing units before this Act enters into force.

Article 52 (Transitional measures concerning reduction of, or exemption from, capital gains tax on site for livestock stables)

Notwithstanding the amended provisions of the main sentence of Article 69-2 (1), the former provisions shall apply where a site for livestock stables was transferred before this Act enters into force.

Article 53 (Transitional measures concerning capital gains tax reduction or exemption for land for public works projects)

Notwithstanding the amended provisions of Article 77 (1), the former provisions shall apply where a person transfers his or her land, etc. in a project site, by not later than December 31, 2017, to the project implementer of the project site for which the project approval was publicly notified before this Act enters into force.

Article 54 (Transitional measures concerning special taxation for capital gains tax on compensation by substitute land)

Notwithstanding the amended provisions of Article 77-2 (1), the former provisions shall apply where a person transferred land, etc. before this Act enters into force.

Article 55 (Transitional measures concerning capital gains tax reduction for mountainous areas transferred to state)

Notwithstanding the amended provisions of Article 85-10 (1), the former provisions shall apply where a person transferred a mountainous district to the State before this Act enters into force.

Article 56 (Transitional measures concerning special taxation for high-yield, high-risk investment trusts)

Notwithstanding the amended provisions of Article 91-15 (1), the former provisions shall apply where a person opened an account for a high-yield, high-risk investment trust before this Act enters into force.

Article 57 (Transitional measures concerning tax reduction or exemption for small-housing rental business operators)

Notwithstanding the amended provisions of Article 96 (1), the former provisions shall apply to the income accrued from a lease business before this Act enters into force.

Article 58 (Transitional measures concerning special taxation for capital gains tax on quasi-public rental housing, etc.)

Notwithstanding the amended proviso to Article 97-3 (1), the former provisions shall apply to quasi-public rental housing units, etc. transferred before this Act enters into force.

Article 59 (Transitional measures concerning special treatment in payment of value-added tax by purchasers of gold-related products)

Notwithstanding the amended provisions of Article 106-4 (7), the former provisions shall apply where a person supplied, or was supplied with, gold-related products before this Act enters into force.

Article 60 (Transitional measures concerning special treatment in payment of value-added tax by purchasers of scrap, etc.)

Notwithstanding the amended provisions of Article 106-9 (6) (limited to the parts concerning the rate of penalty tax), the former provisions shall apply where a person supplied, or was supplied with, copper scrap, etc. before this Act enters into force.

Article 61 (Transitional measures concerning corporate tax reduction or exemption for foreign investment)

Notwithstanding the amended provisions of Article 121-2 (14), the former provisions shall apply where an application for tax reduction or exemption was filed or an initial investment was made before this Act enters into force.

Article 62 (Special taxation for individual consumption tax on golf courses in Jeju Special Self-Governing Province)

Notwithstanding the amended provisions of Article 1 (3) 4 of the Individual Consumption Tax Act, the tax rate of 3,000 won shall apply to the admission to a golf course in Jeju Special Self-Governing Province during the period from January 1, 2016 to December 31, 2017.

Article 63 (Transitional measure concerning ceiling on reduction of, or exemption from capital gains tax on farmland cultivated by farmer-owner)

Notwithstanding the amended provisions of Article 133 (1) 1, the former provisions shall apply where a person who is eligible for the reduction of, or exemption from, capital gains tax under Article 69 of the Act transfers his or her land in a project site that meets requirements prescribed by Presidential Decree, in terms of the ratio of land acquired by a project implementer, to the implementer of a public works project by not later than December 31, 2017, among project sites for which project approval was publicly notified under Article 22 of the Act on Acquisition of and Compensation for Land for Public

Works Projects before this Act enters into force.

Article 64 (General transitional measures concerning amendment of local taxes)

The former provisions shall apply to local taxes that were imposed, reduced, or exempted or that shall be imposed, reduced, or exempted under the former provisions before this Act enters into force.

Article 65 Omitted.

ADDENDA *<Act No. 13605, Dec. 22, 2015>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. *<Proviso Omitted.>*

Articles 2 through 7 Omitted.

ADDENDA *<Act No. 13613, Dec. 22, 2015>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. *<Proviso Omitted.>*

Article 2 through 4 Omitted

ADDENDA *<Act No. 13797, Jan. 19, 2016>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA *<Act No. 13805, Jan. 19, 2016>*

Article 1 (Enforcement date)

This Act shall enter into force on August 12, 2016.

Articles 2 through 22 Omitted.

ADDENDA *<Act No. 13854, Jan. 27, 2016>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <*Act No. 13856, Jan. 27, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 through 4 Omitted

ADDENDA <*Act No. 13983, Feb. 3, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <*Act No. 14095, Mar. 22, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 14096, Mar. 22, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force on the date prescribed by Presidential Decree which shall not exceed four years after the date of its promulgation.

Articles 2 through 11 Omitted.

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ADDENDA <*Act No. 14111, Mar. 29, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 14122, Mar. 29, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <*Act No. 14127, Mar. 29, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <*Act No. 14198, May 29, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 14390, Dec. 20, 2016*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2017; provided, the amended provisions of Article 89-2 (1) shall enter into force on April 1, 2017.

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax and securities transaction tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

(5) The amended provisions regarding individual consumption tax in this Act shall apply to goods shipped out of a place of manufacturing or declared for import after this Act enters into force.

(6) The amended provisions regarding customs duties in this Act shall apply to goods declared for import after this Act enters into force.

Article 3 (Applicability to Tax Reductions or Exemptions for Start-Up Small or Medium Enterprises)

The amended provisions of Article 6 (1) shall begin to apply from where an enterprise is incorporated after this Act enters into force.

Article 4 (Applicability to tax credits for contributions to funds for collaborative cooperation)

(1) The amended provisions of Article 8-3 (1) and (4) shall begin to apply from the first contribution made after this Act enters into force.

(2) The amended provisions of Article 8-3 (2) and (5) shall begin to apply from the first tangible fixed assets leased free of charge after this Act enters into force.

Article 5 (Applicability to Non-Taxation on Gains from Transferring Stocks of Small or Medium Business Start-Up Investment Companies)

The amended provisions of Article 13 (1), (2), and (4), shall begin to apply from investments made after this Act enters into force.

Article 6 (Applicability to special taxation for investment by domestic corporations in venture businesses)

The amended provisions of Article 13-2 shall begin to apply from investments made after this Act enters into force.

Article 7 (Applicability to special taxation on investment in accelerators)

The amended provisions of Article 14 (1) and (8) shall begin to apply from stocks or equity shares acquired in return for investments made in an accelerator after this Act enters into force.

Article 8 (Applicability to Income Deductions for Contributions, etc. to Small and Medium Business Start-Up Investment Funds)

The amended provisions of Article 16 (1) and (2) shall begin to apply from investments made to a private equity fund specializing in business start-ups and venture businesses after this Act enters into force.

Article 9 (Applicability to Special Taxation on Gains from Investment of Industrial Property Rights in Kind)

The amended provisions of Article 16-4 (1), (2), and (4) shall begin to apply from investments in kind made after this Act enters into force.

Article 10 (Applicability to special taxation for foreign workers)

(1) Notwithstanding the amended provisions of Article 18-2 (2) and (4), special taxation for foreign workers shall apply, by no later than December 31, 2018, to the foreign workers who began to work in the Republic of Korea before January 1, 2014 and are eligible for Article 59 of the Addenda to the Restriction of Special Taxation Act (Act No. 12173) and Article 8 of the Addenda to the Restriction of Special Taxation Act (Act No. 12853) and the amount of income tax shall be determined by multiplying the relevant earned income by 19/100.

(2) The amended provisions of Article 18-2 (2) and (4) concerning the deadline for application, shall begin to apply from persons who begin to work in the Republic of Korea as of January 1, 2014.

(3) Notwithstanding the amended provisions of Article 18-2 (2) and (4) concerning tax rates, the former provisions shall apply to income that has accrued before this Act enters into force.

Article 11 (Applicability to Tax Credits for Investment in Safety Facilities)

The amended provisions of Article 25 (1) shall begin to apply from investments made in facilities for reinforcing earthquake resistance after this Act enters into force.

Article 12 (Applicability to tax credit for investment in facilities for commercializing new-growth technologies)

The amended provisions of Article 25-5 shall begin to apply from investments made in facilities for commercializing new-growth technologies after this Act enters into force.

Article 13 (Applicability to tax credit for production costs of video content)

The amended provisions of Article 25-6 shall begin to apply from the production costs of video content spent after this Act enters into force.

Article 14 (Applicability to special taxation for including depreciation cost of assets invested in plant and equipment of small or medium enterprises and middle- standing enterprises in deductible expenses)

(1) The amended provisions of Article 28-2 concerning small or medium enterprises, shall begin to apply from assets invested in plant and equipment acquired as of July 1, 2016.

(2) The amended provisions of Article 28-2 concerning middle-standing enterprises, shall begin to apply from assets invested in plant and equipment acquired as of January 1, 2016.

Article 15 (Applicability to reduction or exemption of income tax for employees of small or medium enterprises)

The amended provisions of Article 30 (1) shall begin to apply from income paid to career-interrupted women reemployed after this Act enters into force.

Article 16 (Applicability to tax credits for change of status to regular employees)

The amended provisions of Article 30-2 (1) shall begin to apply to cases where a change of status to a regular employee is made after this Act enters into force.

Article 17 (Applicability to special taxation for enterprises undergoing trade adjustment assistance whose business is converted)

The amended provisions of Article 33 (4) and (5) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 18 (Applicability to special taxation for gains from debt relief of corporations implementing financial restructuring plans)

The amended provisions of Article 44 (4) shall begin to apply from tax returns filed after this Act enters into force.

Article 19 (Applicability to special taxation for transfer of redundant assets following merger)

The amended provisions of Article 47-4 shall begin to apply from tax returns filed after this Act enters into force.

Article 20 (Applicability to donation incentives)

(1) The amended provisions of Article 75 (1) and (10) shall begin to apply from applications filed for the tax credit for a donation after this Act enters into force.

(2) The amended provisions of Article 75 (4) shall begin to apply from statements of applications for donation incentives filed by organizations eligible for donation incentives after this Act enters into

force.

Article 21 (Applicability to special taxation for relocating factories in areas subject to development plans of Administrative City and Innovation Cities to rural areas)

The amended provisions of Article 85-2 (4) and (5) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 22 (Applicability to special taxation for capital gains from transfer of land for child-care centers)

The amended provisions of Article 85-5 (3) and (4) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 23 (Applicability to income deductions for mutual aid funds for small or micro enterprises)

(1) The amended provisions of Article 86-3 (1) shall begin to apply from deposits paid in a mutual aid fund after this Act enters into force.

(2) The deduction ceilings specified in the amended provisions of Article 86-3 (1) shall also apply to persons who joined a mutual aid fund for small or micro enterprises before January 1, 2016.

Article 24 (Applicability to submission of data on tax-favored savings)

(1) The amended provisions of Article 89-2 (1) shall also apply to pension accounts in which deposits, withdrawals, and transfers have been made before April 1, 2017.

(2) Notwithstanding the amended provisions of Article 89-2 (1), finance companies, etc. handling pension accounts referred to in Article 20-3 (1) 2 of the Income Tax Act, shall forward data on pension accounts in which deposits, withdrawals, and transfers have been made before April 1, 2017 to the agency collecting data on tax-favored savings by not later than April 1, 2017.

Article 25 (Applicability to special taxation on in-kind investors in real estate investment companies for rental housing)

The amended provisions of Article 97-6 (2) shall begin to apply from inheritance commencing or property donated after this Act enters into force.

Article 26 (Applicability to special taxation on in-kind investors in publicly-offering real estate investment companies)

The amended provisions of Article 97-8 shall begin to apply from where a domestic corporation makes an investment in kind in a publicly-offering real estate investment company after this Act enters into force.

Article 27 (Applicability to special taxation for labor encouragement subsidies and child-care subsidies)

The amended proviso to Article 100-10 (3) (including where the same proviso shall apply mutatis mutandis to child-care subsidies pursuant to Article 100-31), shall begin to apply from where a correction is made to a labor encouragement subsidy or a child-care subsidy after this Act enters into force.

Article 28 (Applicability to special taxation on companies for recapitalization)

The amended provisions of Article 104-3 (1) shall begin to apply from tax returns filed after this Act enters into force.

Article 29 (Applicability to special cases concerning calculation of corporate tax base for shipping enterprises)

The amended provisions of Article 104-10 (2) shall begin to apply from tax returns filed after this Act enters into force.

Article 30 (Applicability to special taxation on dividend income from stocks of high dividend companies)

The amended provisions of Article 104-27 (2) through (4) shall begin to apply from dividends paid at the time of settlement of accounts for the business year in which December 31, 2016 falls and subsequent business years.

Article 31 (Applicability to accounts for trading gold-related products)

The amended proviso to Article 106-4 (7) shall also apply to payments made through an account for trading scrap, etc. before this Act enters into force.

Article 32 (Applicability to accounts for trading scrap, etc.)

The amended proviso to Article 106-9 (6) shall also apply to payments made through an account for trading gold before this Act enters into force.

Article 33 (Applicability to reduction or exemption of individual consumption tax for replacement of decrepit diesel motor vehicles)

(1) The amended provisions of Article 109-2 (1) shall apply only to a vehicle released from a place of manufacturing or declared as imported during the period between December 5, 2016 and June 30, 2017.

(2) The amended provisions of Article 109-2 (1) shall apply only to a new vehicle registered during the period between December 5, 2016 and June 30, 2017.

Article 34 (Applicability to reduction or exemption of customs duties for overseas Korean enterprises on their return to Korea)

(1) The amended provisions of Article 118-2 (1) shall begin to apply from where an enterprise is incorporated in the Republic of Korea or a place of business is newly established or extended in the Republic of Korea after this Act enters into force.

(2) The amended provisions of Article 118-2 (2) shall begin to apply from goods declared as imported, after this Act enters into force.

Article 35 (Applicability to special taxation for gains from debt relief of corporations implementing corporate restructuring plans)

The amended provisions of Article 121-29 (3) shall begin to apply from tax returns filed after this Act enters into force.

Article 36 (Applicability to special taxation for transfer of redundant assets following merger)

The amended provisions of Article 121-31 (1), (2), and (4) shall begin to apply from tax returns filed after this Act enters into force.

Article 37 (Applicability to special cases concerning distribution ratio of stocks upon merger under corporate restructuring plan)

The amended provisions of Article 121-32 shall begin to apply from mergers conducted after this Act enters into force.

Article 38 (Transitional measures concerning tax credits for contributions to funds for collaborative cooperation)

Notwithstanding the amended provisions of Article 8-3 (1) 2 and (4), the former provisions shall apply to the contributions made before this Act enters into force.

Article 39 (Transitional measures concerning tax credits for investment in facilities for research and human resources development)

Notwithstanding the amended provisions of Article 11 (2) 3, the former provisions shall apply to investments made in facilities for commercializing new technologies before this Act enters into force.

Article 40 (Transitional measures concerning special taxation for transfer and acquisition of technology)

Notwithstanding the amended provisions of Article 12 (1) and (2), the former provisions shall apply to the transfer and acquisition of patents, etc. before this Act enters into force.

Article 41 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by high-tech enterprises that occupy special research and development zones)

Notwithstanding the amended provisions of Article 12-2 (3), (5), and (8), the former provisions shall apply enterprises that occupy a special research and development zone before this Act enters into force.

Article 42 (Transitional measures concerning tax credits for technological innovation- oriented mergers)

Notwithstanding the amended provisions of Article 12-3 (1) 3, the former provisions shall apply to mergers conducted before this Act enters into force.

Article 43 (Transitional measures concerning tax credits for acquisition of technological innovation-oriented stocks)

Notwithstanding the amended provisions of Article 12-4 (1) 2 and 4, the former provisions shall apply to stocks, etc. acquired before this Act enters into force.

Article 44 (Transitional measures concerning ceiling on prices of stock options exercised by executive officers and employees of venture businesses)

Notwithstanding the amended provisions of Article 16-3 (1), the former provisions shall apply to stock options exercised before this Act enters into force.

Article 45 (Transitional measures concerning tax credits for investment in facilities to improve quality control of medical supplies)

Notwithstanding the amended provisions of Article 25-4 (1), the former provisions shall apply to investments made before this Act enters into force.

Article 46 (Transitional measures concerning tax credits for employment-creating investment)

Notwithstanding the amended provisions of Article 26 (1) 2, the former provisions shall apply to investments made before this Act enters into force.

Article 47 (Transitional measures concerning tax credits for small and medium enterprises re-employing career-interrupted women)

Notwithstanding the amended provisions of Article 29-3 (1) 3, the former provisions shall apply to career-interrupted women re-employed before this Act enters into force.

Article 48 (Transitional measures concerning special taxation for all-inclusive share swap)

Notwithstanding the amended provisions of Article 38 (1), the former provisions shall apply to all-inclusive share swaps conducted before this Act enters into force.

Article 49 (Transitional measures concerning mutual aid funds for small or micro enterprises)

Notwithstanding the amended provisions of Article 86-3 (5) through (7), the former provisions shall apply to mutual aid contracts terminated before this Act enters into force.

Article 50 (Transitional measures concerning special taxation for labor encouragement subsidies and child-care subsidies)

Notwithstanding the amended provisions of Articles 100-3 (1) 3, 100-5 (1), 100-6 (9), 100-7 (3), 100-28 (1) 3, and 100-31 (excluding cases to which the amended proviso to Article 100-10 (3) shall apply mutatis mutandis), the former provisions shall apply to applications for a labor encouragement subsidy or a child care subsidy filed before this Act enters into force.

Article 51 (Transitional measures concerning tax reduction or exemption for overseas Korean enterprises on their return to Korea)

Notwithstanding the amended provisions of Article 104-24 (1), the former provisions shall apply where an enterprise is incorporated or a new place of business is established in the Republic of Korea before this Act enters into force.

Article 52 (Transitional measure concerning tax credits for electronic commerce of petroleum products)

Notwithstanding the amended provisions of Article 104-25 (1), the former provisions shall apply to petroleum products supplied through an electronic payment network before this Act enters into force.

Article 53 (Transitional measures concerning reduction or exemption of individual consumption tax for replacement of decrepit diesel motor vehicles)

Notwithstanding Article 33 of the Addenda, a manufacturer, wholesaler, retailer, importer, or other business operator who owns a passenger car as at December 4, 2016, which was released from a place of manufacturing or bonded area as at December 4, 2016 and on which individual consumption tax has been paid or shall be paid, is eligible for a tax reduction, exemption, refund or deduction as provided for in Article 109-5, deeming that the passenger car was released from the place of manufacturing or

bonded area as of December 5, 2016, if such business operator submits evidentiary documents specified by the Commissioner of the National Tax Service or the Commissioner of the Korea Customs Service, such as a certificate of sale, a certificate of commodities in stock, and a refund application, and obtains approval from the head of the competent tax office or the head of the competent customs office.

Article 54 (Transitional measures concerning reduction or exemption of corporate tax for foreign investment)

Notwithstanding the amended provisions of Articles 121-2 and 121-5, the former provisions shall apply to applications for tax reduction or exemption filed before this Act enters into force.

Article 55 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by enterprises that occupy Jeju Science Park)

Notwithstanding the amended provisions of Article 121-8 (2), (4), and (7), the former provisions shall apply where an enterprise occupies Jeju Science Park before this Act enters into force.

Article 56 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by enterprises that occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)

Notwithstanding the amended provisions of Article 121-9 (4), (6), and (9), the former provisions shall apply where an enterprise occupies the zone before this Act enters into force (or where a development project implementor commences an investment before this Act enters into force).

Article 57 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by start-up enterprises in enterprise city development zones)

Notwithstanding the amended provisions of Article 121-17 (1), (2), (4), (6), and (10), the former provisions shall apply where an enterprise is incorporated or a new place of business is established before this Act enters into force (or where a development project implementor commences an investment before this Act enters into force).

Article 58 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by enterprises that occupy investment promotion zone for Asian Cultural Hub City)

Notwithstanding the amended provisions of Article 121-20 (4), (6), and (12), the former provisions shall apply where an enterprise occupies the zone before this Act enters into force.

Article 59 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by start-up enterprises in financial hubs)

Notwithstanding the amended provisions of Article 121-21 (4), (6), and (12), the former provisions shall apply where an enterprise is incorporated or a new place of business is established before this Act enters into force.

Article 60 (Transitional measures concerning reduction or exemption of corporate tax for service businesses operated by enterprises that occupy high-tech medical complexes)

Notwithstanding the amended provisions of Article 121-22 (3), (5), and (8), the former provisions shall apply where an enterprise occupies the complex before this Act enters into force.

Article 61 (Transitional measures concerning tax credits carried-forward)

Notwithstanding the amended provisions of Article 144 (3), the former provisions shall apply to investments made before this Act enters into force.

ADDENDA *<Act No. 14481, Dec. 27, 2016>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2017. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA *<Act No. 14567, Feb. 8, 2017>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 40 Omitted.

ADDENDA *<Act No. 14569, Feb. 8, 2017>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA *<Act No. 14760, Apr. 18, 2017>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to tax credits for enterprises increasing jobs for youths)

The amended provisions of Article 29-5 (1) shall begin to apply from the tax credit for regular youth employees who increase during the taxable year in which this Act enters into force.

Article 3 (Applicability to tax credits for change of status to regular employees)

The amended provisions of Article 30-2 shall begin to apply from the tax credit for employees whose status is changed to regular employees during the taxable year in which this Act enters into force.

Article 4 (Applicability to eligibiliy to apply for labor encouragement subsidies)

The amended provisions of Article 100-3 (1) 1 (c) and (d) shall begin to apply from income attributable to the taxable year in which this Act enters into force.

Article 5 (Applicability to eligibiliy to apply for child care subsidies)

The amended provisions of Article 100-28 (1) 4 shall begin to apply from an application for a child care subsidy filed after this Act enters into force.

Article 6 (Transitional measures concerning tax credits for employment-creating investment)

Notwithstanding the amended provisions of the main sentence of Article 26 (1) 2, the former provisions shall apply to investments made before this Act enters into force.

ADDENDA <*Act No. 14874, Sep. 12, 2017*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to special taxation for 2018 PyeonbgChang Olympic Game and Paralympic Winter Game)

The amended provisions of Article 104-28 (5) and (6) shall begin to apply from the case where goods or services are provided during the taxable period in which the enforcement date of this Act falls.

ADDENDA <*Act No. 15022, Oct. 31, 2017*>

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 15 Omitted.

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ADDENDA <*Act No. 15227, Dec. 19, 2017*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2018; provided, the amended provisions of Article 126-2 (limited to the parts related to the amount spent for books and public performances) and the amended provisions of Article 106-10 shall enter into force on January 1, 2019.

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax and securities transaction tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

(5) The amended provisions regarding individual consumption tax in this Act shall apply to goods shipped out of a place of manufacturing or declared for import after this Act enters into force.

(6) The amended provisions regarding customs duties in this Act shall apply to goods declared for import after this Act enters into force.

(7) The amendments to the stamp tax in this Act shall begin to apply to taxable documents prepared after this Act enters into force.

Article 3 (Applicability to tax credits for investments by small or medium enterprises)

The amended provisions of Article 5 shall begin to apply to investments made after this Act enters into force.

Article 4 (Applicable Examples concerning Reduction and Exemption of Tax Amount for Start-Up Small or Medium Enterprises, etc.)

The amended provisions of Article 6 shall begin to apply to cases where a small or medium enterprise is incorporated as a small or medium start-up enterprise, or designated as an operator of a business incubator, or certified as a venture business, or where a small or medium enterprise falls under a new energy technology small or medium enterprise, after this Act enters into force.

Article 5 (Applicability to tax credits for technological innovation-oriented mergers)

The amended provisions of Article 12-3 (1) 3 shall begin to apply to mergers conducted after this Act enters into force.

Article 6 (Applicability to tax credits for acquisition of technological innovation-oriented stocks)

The amended provisions of Article 12-4 (1) 4 shall begin to apply to cases where stocks or equity shares are acquired after this Act enters into force.

Article 7 (Applicability to exemption from secondary tax liability of investors of venture businesses)

The amended provisions of Article 15 shall begin to apply to the portions of constituting the tax liability of a venture business after this Act enters into force.

Article 8 (Applicability to special treatment for non-taxation on gains from exercising stock options of venture businesses)

The amended provisions of Article 16-2 shall apply to stock options granted after this Act enters into force.

Article 9 (Transitional measures concerning special taxation for gains from exercising stock options of venture business)

Notwithstanding the amended provisions of Article 16-4, the previous provisions shall apply where a stock option is granted before this Act enters into force.

Article 10 (Applicability to tax credits for investment in facilities for improving productivity)

The amended provisions of Article 24 (1) shall begin to apply to cases where an investment is commenced after this Act enters into force.

Article 11 (Applicability to Tax Credits for Investment in Safety Facilities)

The amended provisions of Article 25 (1) shall begin to apply to investments commenced after this Act enters into force.

Article 12 (Applicability to Tax Credits for Investment in Facilities for Environmental Conservation)

The amended provisions of Article 25-3 (1) shall begin to apply to investments commenced after this Act enters into force.

Article 13 (Applicability to tax credits for small or medium enterprises having reinstated graduates of high schools aligned to industry demand after performing their military service)

The amended provisions of Article 29-2 shall begin to apply to cases where reinstatement is conducted after this Act enters into force.

Article 14 (Applicability to tax credits for enterprises re-employing career-interrupted women)

The amended provisions of Article 29-3 shall begin to apply to re-employment conducted after this Act enters into force.

Article 15 (Applicability to income tax reductions or exemptions on payments received from performance compensation fund for core personnel of small and medium enterprises)

The amended provisions of Article 29-6 shall begin to apply to cases where an employee of a middle-standing enterprise receives a mutual aid payment from the Performance Compensation Fund after this Act enters into force.

Article 16 (Applicability to tax credits for change of status to regular employees)

The amended provisions of Article 30-2 (1) shall begin to apply to cases where a change of status to a regular employee is made after this Act enters into force.

Article 17 (Applicability to tax credits for social insurance premiums of small or medium enterprises)

(1) The amended provisions of Article 30-4 (2) shall begin to apply to cases where the equivalent to the amount deducted pursuant to Article 30-4 (1) for the first taxable year after this Act enters into force is deducted from the following taxable year.

(2) The amended provisions of Article 30-4 (3) shall begin to apply to cases where a social insurance is contracted after this Act enters into force.

Article 18 (Applicability to special taxation for gift tax on succession to family business)

The amended provisions of Article 30-6 (6) shall begin to apply to cases where any event referred to in subparagraphs of paragraph (2) of the same Article arises after this Act enters into force.

Article 19 (Applicability to special taxation for all-inclusive share swap or transfer)

The amended provisions of Article 38 (2) shall begin to apply to cases where all-inclusive share swap, etc. is conducted after this Act enters into force.

Article 20 (Applicability to Special Taxation on Corporate Tax Following Transfer of Assets by Stockholders)

The amended provisions of Article 40 (1) 2 shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 21 (Applicability to special taxation for gains from debt relief of corporations implementing financial restructuring plans)

The amended provisions of Article 44 (1) and (4) shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 22 (Applicability to reduction or exemption of corporate tax for public institutions relocating to Innovation Cities)

The amended provisions of Article 62 (4) shall begin to apply to cases of relocating the head office of a public agency to an innovation city, after this Act enters into force.

Article 23 (Applicability to reduction or exemption of corporate tax for relocating factories and head offices of corporations to areas outside of Seoul Metropolitan Area)

The amended provisions of Article 63-2 (2) 2 shall begin to apply to cases of relocating a factory or the head office of a corporation to an area outside the Seoul Metropolitan area after this Act enters into force.

Article 24 (Applicability to special taxation for members of employee stock ownership associations)

The amended provisions of Article 88-4 shall begin to apply to the portions invested in the employee stock ownership association after this Act enters into force.

Article 25 (Applicability to Special Taxation for Individual Savings Accounts)

(1) The amended provisions of Article 91-18 shall also apply to the portion of the individual savings accounts opened before this Act enters into force.

(2) The amended provisions of Article 91-18 (8) shall begin to apply to withdrawal conducted after this Act enters into force.

Article 26 (Applicability to tax reduction or exemption for small-housing rental business operators)

The amended provisions of Article 96 (1) and (2) shall begin to apply to cases incomes accruing after this Act enters into force.

Article 27 (Applicability to special cases concerning extinction of small private enterprises' liability to pay delinquent taxes)

The amended provisions of Article 99-5 shall begin to apply to applications filed for extinction of liability to pay a delinquent tax after this Act enters into force.

Article 28 (Applicability to labor encouragement subsidies and child care subsidies)

The amended provisions of Articles 100-3 (1) 1, (2) 2 and (5) 1 and 2, and 100-5 (1) shall begin to apply from the first case of filing a labor encouragement subsidy or child care subsidy after this Act enters into force.

Article 29 (Applicability to special taxation on 2019 Gwangju FINA World Aquatics Championships)

The amended provisions of Article 104-29 shall begin to apply to the portions of goods or services supplied during the taxable period in which the enforcement date of this Act falls.

Article 30 (Applicability to special taxation for payment of value-added tax by purchasers of gold-related products)

(1) The amended provisions of Article 106-4 (8) shall begin to apply to collection conducted after this Act enters into force.

(2) The amended provisions of Article 106-4 (11) shall also apply to the portion paid erroneously or excessively before this Act enters into force.

Article 31 (Applicability to value-added tax relief for general taxicab business operators)

(1) The amended provisions of Article 106-7 (1), (4), (6), and (7) shall begin to apply to the portions of mitigation for the taxable period in which the enforcement date of this Act falls.

(2) The amended provisions of Article 106-7 (8) shall begin to apply to the occurrence of unpayment of mitigated portion for the taxable period in which the enforcement date of this Act falls.

Article 32 (Applicability to special taxation for payment of value-added tax by purchasers of scrap)

(1) The amended provisions of Article 106-9 (7) shall begin to apply to collection made after this Act enters into force.

(2) The amended provisions of Article 106-9 (11) shall also apply to the portion paid erroneously or excessively before this Act enters into force.

Article 33 (Applicability to special cases concerning value-added tax for foreign tourists)

The amended provisions of Article 107-2 (1) shall begin to apply to the portions of accommodation services provided after this Act enters into force.

Article 34 (Applicability to special taxation for corporate tax following transfer of assets of stockholders)

The amended provisions of Article 121-28 (1) 2 shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 35 (Applicability to special taxation for gains from debt relief of corporations implementing corporate restructuring plans)

The amended provisions of Article 121-29 (1) and (3) shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 36 (Applicability to deduction of medical expenses for compliant business operators)

The amended provisions of Article 122-3 (1), with the exception of its subparagraphs, shall begin to apply to cases of filing a final return on tax base of global income after this Act enters into force.

Article 37 (Applicability to income deduction for amount spent on credit cards)

(1) The amended provisions of Article 126-2 (limited to portions related to the amounts spent in traditional markets and to the amounts spent for mass transit) shall begin to apply to cases where a year-end settlement of the amount of earned income is made or a final return on the tax base of gross income is filed after this Act enters into force.

(2) The amended provisions of Article 126-2 (limited to portions related to the amounts spent for books and public performances) shall begin to apply from the first portion spent on or after July 1, 2018.

Article 38 (Applicability to exclusion from reduction and exemption in cases of estimated taxation)

The amended provisions of Article 128 (1) shall begin to apply to cases of making a determination, correction, or report after this Act enters into force.

Article 39 (Transitional measures concerning tax reduction or exemption for small or medium start-up enterprise)

Notwithstanding the amended provisions of Article 6, the former provisions shall apply where a small or medium start-up enterprise starts its business, where it is designated as an operator of a business incubator, or where it is recognized as a venture business, before this Act enters into force, or where it has been a new energy technology small or medium enterprise since before this Act enters into force.

Article 40 (Transitional measures concerning tax credits for technological innovation-oriented mergers)

Notwithstanding the amended provisions of Article 12-3 (1) 3, the former provisions shall apply to mergers conducted before this Act enters into force.

Article 41 (Transitional measures concerning tax credits for acquisition of technological innovation-oriented stocks)

Notwithstanding the amended provisions of Article 12-4 (1) 4, the former provisions shall apply where stocks or equity shares are acquired before this Act enters into force.

Article 42 (Transitional measures concerning income deductions for contributions to small or medium business start-up investment funds)

Notwithstanding the amended provisions of Article 16, the former provisions shall apply where a contribution or investment is made before this Act enters into force.

Article 43 (Transitional measures concerning tax credits for investment in facilities for improving productivity)

Notwithstanding the amended provisions of Article 24 (1), the former provisions shall apply where an investment is made before this Act enters into force.

Article 44 (Transitional measures concerning tax credits for investment in safety facilities)

Notwithstanding the amended provisions of Article 25 (1), the former provisions shall apply where an investment is made before this Act enters into force.

Article 45 (Transitional measures concerning tax credits for investment in facilities for environmental conservation)

Notwithstanding the amended provisions of Article 25-3 (1), the former provisions shall apply where an investment is made before this Act enters into force.

Article 46 (Transitional measures concerning tax credits for enterprises having reinstated graduates of high schools aligned to industry demand after performing their military service)

Notwithstanding the amended provisions of Article 29-2, the former provisions shall apply where reinstatement is granted before this Act enters into force.

Article 47 (Transitional measures concerning tax credits for enterprises re-employing career-interrupted women)

Notwithstanding the amended provisions of Article 29-3, the former provisions shall apply where reinstatement is conducted before this Act enters into force.

Article 48 (Transitional measures concerning tax credits for change of status to regular employees)

Notwithstanding the amended provisions of Article 30-2 (1), the former provisions shall apply where the status of a worker is changed to a regular employee before this Act enters into force.

Article 49 (Transitional measures concerning special taxation for enterprises undergoing trade adjustment assistance whose business is converted)

Notwithstanding the amended provisions of Article 33 (3), the former provisions shall apply where no conversion of business under Article 33 (1) is conducted or where converted business is closed or dissolved, before this Act enters into force.

Article 50 (Transitional measures concerning special taxation for comprehensive transfer of assets)

Notwithstanding the amended provisions of Article 37, the former provisions shall apply to the comprehensive transfer of assets conducted before this Act enters into force.

Article 51 (Transitional measures concerning special taxation for all-inclusive share swap or transfer)

Notwithstanding the amended provisions of Article 38 (2), the former provisions shall apply to the all-inclusive share swap, etc. conducted before this Act enters into force.

Article 52 (Transitional measures concerning reduction or exemption of corporate tax for public institutions relocating to Innovation Cities)

Notwithstanding the amended provisions of Article 62 (4), the former provisions shall apply to the public institutions which relocate their head offices to innovation cities before this Act enters into force.

Article 53 (Transitional measures concerning reduction or exemption of corporate tax for relocating factories and head offices of corporations to areas outside of Seoul Metropolitan Area)

Notwithstanding the amended provisions of Article 63-2 (2) 2, the former provisions shall apply to the corporations which relocate their factories or head offices to areas outside Seoul Metropolitan area before this Act enters into force.

Article 54 (Transitional measures concerning special taxation for individual savings accounts)

Notwithstanding the amended provisions of Article 91-18 (4) through (6), the former provisions shall apply where assets are withdrawn from individual savings accounts before this Act enters into force.

Article 55 (Transitional measures concerning tax credits for monthly rents)

Notwithstanding the amended provisions of the main sentence of Article 95-2 (1), the former provisions shall apply to monthly rents paid before this Act enters into force.

Article 56 (Transitional measures concerning special taxation on dividend income from stocks of high dividend companies)

Notwithstanding the amended provisions of Article 104-27, the former provisions shall apply to the dividends paid during the period of settlement of accounts for the business year in which December 31, 2017 falls.

Article 57 (Transitional measures concerning special cases concerning deduction of input tax amount for value-added tax on used cars)

Notwithstanding the amended provisions of Article 108 (1) 2, the former provisions shall apply to used cars acquired before this Act enters into force.

Article 58 (Transitional measures concerning reduction or exemption of corporate tax for foreign investment)

Notwithstanding the amended provisions of Article 121-2 (14) 2, the former provisions shall apply where an application for reduction or exemption of income tax or corporate tax is filed before this Act enters into force.

Article 59 (Transitional measures concerning special taxation for exchange of stocks between enterprises)

Notwithstanding the amended provisions of Article 121-30 (3), the former provisions shall apply where a stockholder, etc. falls under any subparagraph of the same paragraph before this Act enters into force.

Article 60 (Transitional measures concerning special taxation for cash receipt service operators and cash receipt merchants)

Notwithstanding the amended provisions of Article 126-3 (1), the former provisions shall apply to the portions of cash receipt-issuing machines installed before this Act enters into force.

Article 61 (Transitional measures concerning reduction or exemption ceiling of capital gains tax on self-cultivating farmland and sites of stables for livestock)

Notwithstanding the amended provisions of Article 133 (1) 2, where the reduction or exemption of capital gains tax is granted pursuant to Article 69 or 69-2, the former provisions shall apply where any land in a project area that meets requirements prescribed by Presidential Decree, including a project operator's acquisition ratio of land, among project areas for which public notice of the project has been made pursuant to Article 22 of the Act on Acquisition of and Compensation for Land for Public Works Projects, is transferred by not later than December 31, 2019 to the project operator of the relevant public works project.

ADDENDA *<Act No. 15309, Dec. 26, 2017>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. *<Proviso Omitted.>*

Article 2 Omitted.

Article 3 Omitted.

Article 4 Omitted.

ADDENDA <*Act No. 15356, Jan. 16, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 13 Omitted.

ADDENDA <*Act No. 15623, May 29, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to income tax reduction or exemption for youths employed by small or medium enterprises)

The amended provisions of Article 30 (1) shall begin to apply from the portion for the taxable year, in which the enforcement date of this Act falls.

Article 3 (Applicability to exclusion from tax reduction or exemption less than minimum tax)

The amended provisions of Article 132 (1) 4 and (2) 4 shall begin to apply from the portion for the taxable year, in which the enforcement date of this Act falls.

Article 4 (Transitional measures concerning tax reductions or exemptions for small or medium start-up enterprises)

Notwithstanding the amended provisions of Article 6, the former provisions shall apply where a small or medium start-up enterprise is incorporated before this Act enters into force.

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ADDENDA <*Act No. 15785, Oct. 16, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2019.

Article 2 (Applicability to tax reductions or exemptions for long-term commercial building rental business operators)

The amended provisions of Article 96-2 shall begin to apply from the portion for the taxable year commencing after this Act enters into force.

ADDENDA <*Act No. 15881, Dec. 11, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 12 Omitted.

ADDENDA <*Act No. 16009, Dec. 24, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2019; provided, the amended provisions of Article 121-2 shall enter into force on the date of its promulgation and the amended provisions of Article 126-2 (limited to the parts related to admission fees for museums and art galleries) shall begin to apply from the taxable year commencing after this Act enters into force.

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax and securities transaction tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

(5) The amended provisions regarding individual consumption tax in this Act shall apply to goods shipped out of a place of manufacturing or declared for import after this Act enters into force.

(6) The amended provisions regarding customs duties in this Act shall apply to goods declared for import after this Act enters into force.

(7) The amendments to the stamp tax in this Act shall begin to apply to taxable documents prepared after this Act enters into force.

Article 3 (Applicability to Tax Credits for Small and Medium Enterprises)

The amended provisions of Article 5 (4) shall begin to apply to cases where a tax base for the taxable year in which the date a crisis area designated or declared on of after January 1, 2018 falls, is filed on or after this Act enters into force.

Article 4 (Applicability to tax credits for acquisition of technological innovation-oriented stocks)

The amended provisions of Article 12-4 (2) shall begin to apply to cases where the ground referred to in Article 12-4 (2) 3 occurs on or after this Act enters into force.

Article 5 (Applicability to Non-Taxation on Gains from Transferring Stocks of Small or Medium Business Start-Up Investment Companies)

The amended provisions of Article 13 (1) shall begin to apply to transfer conducted on or after this Act enters into force.

Article 6 (Applicability to Income Deductions for Contributions to Small or Medium Business Start-Up Investment Funds)

The amended provisions of Article 16 (2) shall begin to apply to cases where a ground for additional collection occurs after this Act enters into force.

Article 7 (Applicability to income tax reductions and exemptions for foreign engineers)

The amended provisions of Article 18 (1) (limited to the part related to the period of income tax reduction and exemption) shall begin to apply to cases of providing labor after this Act enters into force.

Article 8 (Applicability to tax credits for management performance bonuses of achievement-sharing small and medium enterprises)

The amended provisions of Article 19 shall begin to apply to cases of paying or receiving a management performance bonus after this Act enters into force.

Article 9 (Applicability to tax credits for investment in specific facilities)

(1) The deduction rate under the amended provisions of Article 25 (2) that applies to a facility falling under Article 25 (1) 1 through 3, 5 or 6, shall begin to apply to investments made after this Act enters into force.

(2) The deduction rate under the amended provisions of Article 25 (2) that applies to a facility falling under Article 25 (1) 4, shall begin to apply to acquisitions (including new construction, extension, reconstruction, or purchase) conducted after this Act enters into force.

Article 10 (Applicability to tax credits for investment in facilities for constructing hyper-connected networks)

The amended provisions of Article 25-7 shall begin to apply to investments made after this Act enters into force.

Article 11 (Applicability to special taxation for including depreciation cost of assets invested in plant and equipment in deductible expenses)

The amended provisions of Article 28-3 shall begin to apply to assets invested in plant and equipment acquired after July 1, 2018.

Article 12 (Applicability to tax credits for enterprises re-employing career-interrupted women)

The amended provisions of Article 29-3 (2) through (6) shall begin to apply to payments of labor cost of persons returning from childcare leave after this Act enters into force.

Article 13 (Applicability to tax credit for enterprises increasing Jobs)

The amended provisions of Article 29-7 shall begin to apply to cases where a tax base is filed after this Act enters into force.

Article 14 (Applicability to income tax reduction or exemption for employees of small or medium enterprises)

The amended provisions of Article 30 (2) and (7) shall begin to apply to cases of filing an application after this Act enters into force.

Article 15 (Applicability to Tax Credits for Change of Status to Regular Employees)

The amended provisions of Article 30-2 (1) shall begin to apply to cases where a change of status to a regular employee is made after this Act enters into force.

Article 16 (Applicability to special taxation for small or medium enterprises, maintaining employment)

The amended provisions of Article 30-3 (5) shall begin to apply to cases where a tax base for the taxable year in which the date of designation or declaration of a crisis area designated or declared on or after January 1, 2018 falls, is filed after this Act enters into force.

Article 17 (Applicability to special taxation for re-investment in venture businesses after sale of stocks)

The amended provisions of Article 46-8 shall begin to apply to cases where stocks of an enterprise for sale are transferred after this Act enters into force.

Article 18 (Applicability to income deductions for mutual aid funds for small enterprises and micro enterprises)

The amended provisions of Article 86-3 (1) shall begin to apply to cases of joining a mutual aid fund for small and micro enterprises after this Act enters into force.

Article 19 (Applicability to income deductions for collective savings accounts for housing subscription)

(1) The amended provisions of Article 87 (3) shall begin to apply to the portions of income paid after this Act enters into force.

(2) Cases where a person has opened a collective savings account for housing subscription giving preferential treatment to youths before this Act enters into force, shall be subject to the application of the amended provisions of Article 87 (10), deeming that he or she has opened such account on the enforcement date of this Act.

Article 20 (Applicability to submission of data on tax-favored savings)

(1) The amended provisions of Article 89-2 shall begin to apply to cases of opening an account after this Act enters into force.

(2) Cases where a person has opened a collective savings account for housing subscription giving preferential treatment to youths or an installment savings account for future-preparation of military personnel before this Act enters into force, shall be subject to the application of the amended provisions of Article 87 (10), deeming that he or she has opened such account on the enforcement date of this Act.

Article 21 (Applicability to special taxation for individual savings accounts)

(1) The amended provisions of Article 91-18 (1) shall begin to apply to accounts opened after this Act enters into force.

(2) The amended provisions of Article 91-18 (3) 3 shall also apply to the accounts opened before this Act enters into force.

Article 22 (Applicability to installment savings for future-preparation of military personnel)

The amended provisions of Article 91-19 shall begin to apply to the portions of incomes paid after this Act enters into force.

Article 23 (Applicability to special taxation for capital gains tax on long-term general private rental housing)

The amended provisions of Article 97-3 shall begin to apply to cases of correction or determination made after this Act enters into force.

Article 24 (Applicability to reduction or exemption of corporate tax for start-up enterprises incorporated in crisis areas)

The amended provisions of Article 99-9 shall begin to apply to cases where a tax base for the taxable year in which the date of designation or declaration of a crisis area designated or declared on or after January 1, 2018 falls, is filed after this Act enters into force.

Article 25 (Applicability to labor encouragement subsidies and child care subsidies)

(1) The amended provisions of Articles 100-3 (1) and (2), 100-5 (1) and (4), 100-6 (1), 100-7 (1) 1, (2), (3) and (4) 1, 100-8 (6), 100-9 (1), and 100-28 through 100-31 shall begin to apply to applications for a labor encouragement subsidy or child care subsidy filed after this Act enters into force.

(2) The amended provisions of Articles 100-3 (6), 100-4 (6), 100-5 (2), (3) and (5), 100-6 (2) through (4), (7) and (9), 100-7 (1) 2, (4) 2, and 100-8 (3), (5) and (8) shall begin to apply to labor encouragement subsidies or child care subsidies filed after this Act enters into force.

Article 26 (Applicability to additional tax)

The amended provisions of Article 100-25 (2) shall begin to apply to cases where an obligation to withhold and pay an additional tax occurs after this Act enters into force.

Article 27 (Applicability to special taxation for credit rehabilitation services companies)

The amended provisions of Article 104-12 (3) shall also apply to the loss compensation reserves included in the deductible expenses before this Act enters into force.

Article 28 (Applicability to tax reduction or exemption for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 (1) 2 and (3) shall begin to apply from the first case where a business is incorporated or a place of business is newly established in Korea after this Act enters into force.

Article 29 (Applicability to special taxation for payment of value-added tax by purchasers of gold-related products)

(1) The amended provisions of Article 106-4 (3) shall begin to apply to cases where a gold-related product is supplied after this Act enters into force.

(2) The amended provisions of Article 106-4 (8) shall begin to apply to cases of collection conducted after this Act enters into force.

Article 30 (Applicability to special taxation for payment of value-added tax by purchasers of scrap)

(1) The amended provisions of Article 106-9 (3) shall begin to apply to cases where scrap, etc. is supplied after this Act enters into force.

(2) The amended provisions of Article 106-9 (7) shall begin to apply to conducted after this Act enters into force.

Article 31 (Applicability to reduction or exemption of individual consumption tax for replacing decrepit diesel motor vehicles)

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The amended provisions of Article 109-2 (1) shall apply only where a new vehicle is released from a place of manufacture or an import declaration therefor is filed during the period between January 1, 2019 and December 31, 2019 and is newly registered during the same period.

Article 32 (Applicability to Reduction or Exemption of Corporate Tax for Start-Up Enterprises in Enterprise City Development Zones)

Among the amended provisions of Article 121-17 (1) 3, provisions relating to cases where a reduction or exemption is granted by falling under a project approved under Article 11 of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea, shall begin to apply from the first case of starting a business or establishing a place of business on or after this Act enters into force; and among the amended provisions of Article 121-17 (1) 5, provisions relating to cases where a reduction or exemption is granted by falling under a project that requires an approval under Article 11 of the same Act, shall begin to apply to cases of commencing an investment after this Act enters into force.

Article 33 (Applicability to reduction or exemption of monthly rents for compliant business operators)

The amended provisions of Article 122-3 (3) shall begin to apply to final returns on global income tax base filed after this Act enters into force.

Article 34 (Applicability to income deduction for amount spent on credit cards for admission fees of museums and art galleries)

The amended provisions of Article 126-2 (limited to the parts related to admission fees for museums and art galleries) shall begin to apply from the first amount spent on or after July 1, 2019.

Article 35 (Applicability to exclusion from reduction and exemption in cases of estimated taxation)

The amended provisions of Article 128 (2) through (4) shall begin to apply to tax bases filed after this Act enters into force.

Article 36 (Applicability to exclusion from tax reduction or exemption for investment in over-concentration control region of Seoul Metropolitan Area)

The amended provisions of Article 130 (1) and (2) shall begin to apply to investments made after this Act enters into force.

Article 37 (Applicability to exclusion from tax reduction or exemption less than minimum tax)

The amended provisions of Article 132 (1) 2 and (2) 2 shall begin to apply to tax bases filed after this Act enters into force.

Article 38 (Applicability to composite ceiling on income tax deductions)

The amended provisions of Article 132-2 (1) 3 shall begin to apply to cases where a tax base is filed or year-end settlement is made after this Act enters into force.

Article 39 (Transitional measures concerning reduction or exemption ceiling of corporate tax for high-tech enterprises that occupy special research and development zones)

Notwithstanding the amended provisions of Article 12-2 (3), the former provisions shall apply to enterprises that have occupied special research and development zones before this Act enters into force.

Article 40 (Transitional measures concerning income tax reductions or exemptions for foreign engineers)

Notwithstanding the amended provisions of Article 18 (1), the former provisions shall apply to the period of income tax reductions or exemptions for foreign engineers who have commenced their services in Korea before this Act enters into force.

Article 41 (Transitional measure concerning tax credits for investment in specific facilities)

(1) Notwithstanding the amended provisions of Article 25 (2) of the Act and Article 9 (1) of the Addenda, the former provisions shall apply to the deduction rate for cases where an investment under the former Article 24 (1) (excluding subparagraphs 7 through 9) or 25 (1) (excluding subparagraph 3; hereafter in this paragraph, the same shall apply) has been commenced on or before December 31, 2017 (excluding investments under the former Article 25 (1) made by a small or medium enterprise) and is made on after this Act enters into force.

(2) Notwithstanding the amended provisions of Article 25 (1), the former provisions shall apply where an investment is made, by not later than December 31, 2019, in a facility that falls under the former Article 24 (1) 7 through 9 or the former Article 25 (1) 3.

(3) Notwithstanding the amended provisions of Article 25 (1), the former provisions shall apply where any plant or equipment prescribed in the former Article 24 (2) is used until December 31, 2019.

Article 42 (Transitional measure concerning tax credits on social insurance premiums for small and medium enterprises)

With respect to social insurance newly purchased before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 30-4 (3).

Article 43 (Transitional measures concerning tax reduction or exemption for enterprises that occupy agro-industrial complexes)

Notwithstanding the amended provisions of Article 64, the former provisions shall apply to enterprises that occupy agro-industrial complexes before this Act enters into force.

Article 44 (Transitional measures concerning income deductions for mutual aid funds for small enterprises and micro enterprises)

Notwithstanding the amended provisions of Article 86-3 (1), the former provisions shall apply to persons who join mutual aid funds for small enterprises and micro enterprises before this Act enters into force.

Article 45 (Transitional measures concerning reduction or exemption of individual consumption tax for replacing decrepit diesel motor vehicles)

Notwithstanding Article 31 of the Addenda, an entrepreneur, such as a manufacturer, wholesaler, retailer, or importer, who owns, as of December 31, 2018, a passenger car for which individual tax was paid or is to be paid after being released from its place of manufacture or a bonded area on or before December 2018, is entitled to the reduction, exemption, refund, or deduction under Article 109-2 if a verification thereof is obtained from the head of the competent tax office or the head of the competent

customs office by submitting evidentiary documents determined by the Commissioner of the National Tax Service or the Commissioner of the Korea Customs Service, such as a certificate of sales, certificate of inventory, or application for refund, deeming the relevant passenger car is released from a place of manufacture or bonded area on or after the enforcement date of this Act.

Article 46 (Transitional measures concerning reduction or exemption ceiling of corporate tax for enterprises that occupy Jeju Science Park)

Notwithstanding the amended provisions of Article 121-8, the former provisions shall apply to enterprises that occupy the Jeju Science Park before this Act enters into force.

Article 47 (Transitional measures concerning reduction or exemption ceiling of corporate tax for enterprises that occupy Jeju Investment Promotion Zone or Jeju Free Trade Zone)

Notwithstanding the amended provisions of Article 121-9, the former provisions shall apply to enterprises that occupy the Jeju Investment Promotion Zone or the Jeju Free Trade Zone and to project implementers that commence investment in such zone, before this Act enters into force.

Article 48 (Transitional measures concerning reduction or exemption of corporate tax for start-up enterprises in enterprise city development zones)

Notwithstanding the amended provisions of Article 121-17, the former provisions shall apply to enterprises that start their business or establish their places of business, or to project implementers that commence investment, in an enterprise city developing zone, before this Act enters into force.

Article 49 (Transitional measures concerning reduction or exemption ceiling of corporate tax for enterprises that occupy investment promotion zone for Asian Cultural Hub City)

Notwithstanding the amended provisions of Article 121-20, the former provisions shall apply to enterprises that occupy the Investment Promotion Zone for Asian Cultural Hub City before this Act enters into force.

Article 50 (Transitional measures concerning reduction or exemption ceiling of corporate tax for enterprises incorporated in financial hubs)

Notwithstanding the amended provisions of Article 121-21, the former provisions shall apply to enterprises that start their business or newly establish their places of business in financial hubs, before this Act enters into force.

Article 51 (Transitional measures concerning reduction or exemption ceiling of corporate tax for enterprises that occupy high-tech medical complexes)

Notwithstanding the amended provisions of Article 121-22, the former provisions shall apply to enterprises that occupy high-tech medical complexes before this Act enters into force.

Article 52 (Transitional measures concerning tax credits carried-forward)

Notwithstanding the amended provisions of Article 144 (1) and (2), the former provisions shall apply to the amount of tax credits carried forward before this Act enters into force.

Article 53 (Transitional measures concerning additional collection of amount of tax reduced or exempted)

Notwithstanding the amended provisions of Article 146, the former provisions shall apply where the corporate tax or income tax deducted under the former Article 146 is to be paid as at the time this Act enters into force.

ADDENDA <*Act No. 16133, Dec. 31, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 16172, Dec. 31, 2018*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 5 Omitted.

ADDENDA <*Act. No. 16407, Apr. 30, 2019*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

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ADDENDA <*Act No. 16413, Apr. 30, 2019*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <*Act No. 16652, Nov. 26, 2019*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 16835, Dec. 31, 2019*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Articles 118 (1) 22 and 121-13 (5) shall enter into force on April 1, 2020; the amended provisions of Article 96 (1) (limited to the provisions concerning tax reductions and exemptions), the amended provisions of Article 106-2 (13), and the amended provisions of Article 126-2 (limited to the provisions concerning newspaper subscription charge) on January 1, 2021; the amended provisions of Article 38-2 on January 1, 2027; and the amended provisions of Article 121-2 on the date of its promulgation, respectively. <*Amended on Dec. 28, 2021; Dec. 31, 2023*>

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

(5) The amended provisions regarding individual consumption tax in this Act shall apply to goods shipped out of a place of manufacturing or declared for import after this Act enters into force.

(6) The amended provisions regarding customs duties in this Act shall apply to goods declared for import after this Act enters into force.

Article 3 (Applicability to Tax Credits for Small and Medium Enterprises)

The amended provisions of Article 5 (4) shall apply to tax returns filed after this Act enters into force on the tax base for the taxable year in which regional jobs for mutually beneficial cooperation are selected or the relevant regulatory free zone is designated.

Article 4 (Applicable Examples concerning Reduction and Exemption of Tax Amount for Start-Up Small or Medium Enterprises, etc.)

The amended provisions of Article 6 (3) shall apply to businesses established after this Act enters into force.

Article 5 (Applicability to tax credits for contributions to intra-company labor welfare Fund for mutually beneficial cooperation)

The amended provisions of Article 8-3 (1) 3 and (4) shall apply to contributions made after this Act enters into force.

Article 6 (Applicability to non-taxation on gains from transferring stocks of small and medium business start-up investment companies)

The amended provisions of Article 13 (2) and (3) shall apply to stocks or equity shares purchased from any other person after this Act enters into force.

Article 7 (Applicability to special taxation for domestic corporation's investment in and acquisition of enterprises specialized in materials, components, or equipment)

The amended provisions of Article 13-3 shall apply to investments or acquisitions consummated after this Act enters into force.

Article 8 (Applicability to special taxation for contribution to business starters)

The amended provisions of Article 14 (1) 8 and (8) shall apply to contributions or investments consummated after this Act enters into force.

Article 9 (Applicability to income deductions for contributions to small or medium business start-up investment funds)

The amended provisions of Article 16 (1) shall apply to contributions or investments consummated after this Act enters into force.

Article 10 (Applicability to special treatment for non-taxation on gains from exercising stock options of venture businesses)

The amended provisions of Article 16-2 shall apply to stock options granted after this Act enters into force.

Article 11 (Applicability to income tax reductions for foreign engineers specialized in materials, components, and equipment)

The amended provisions of Article 18 shall apply to foreign engineers specialized in materials, components, and equipment for labor provided by them first in the Republic of Korea after this Act enters into force.

Article 12 (Applicability to reduction of income tax for talented national human resources returning to Korea)

The amended provisions of Article 18-3 shall apply to cases of employment in research institutions, etc. in accordance with those amended provisions after this Act enters into force.

Article 13 (Applicability to tax credits for investment in specific facilities)

The amended provisions of Article 25 (1) and (2) shall apply to investments made after this Act enters into force.

Article 14 (Applicability to tax credits for production costs of video content)

The amended provisions of Article 25-6 (1) shall apply to expenditures incurred for the production of video contents after this Act enters into force.

Article 15 (Applicability to tax credits for enterprises employing career-interrupted women)

The amended provisions of Article 29-3 (1) shall apply to enterprises providing jobs after this Act enters into force.

Article 16 (Applicability to income tax reductions or exemptions on payments received from performance compensation fund for core personnel of small and medium enterprises)

The amended provisions of Article 29-6 (1) shall apply to mutual aid payments received after this Act enters into force.

Article 17 (Applicability to ex-post management of tax credits for enterprises increasing Jobs)

The amended provisions of Article 29-7 (2) shall apply to tax returns filed after this Act enters into force.

Article 18 (Applicability to tax credits for change of status to regular employees)

The amended provisions of Article 30-2 (1) shall apply where the status of relevant workers is changed to regular employees after this Act enters into force.

Article 19 (Applicability to special taxation for incorporation of holding companies through investment in kind with stocks)

The amended provisions of Article 38-2 shall apply to investments made in kind or stocks swapped on or after January 1, 2027. *<Amended on Dec. 28, 2021; Dec. 31, 2023>*

Article 20 (Applicability to special taxation for swap of unlisted stocks for strategic partnership)

The amended provisions of Article 46-7 (1) shall apply to stocks swapped pursuant to Article 46-7 (1) after this Act enters into force.

Article 21 (Applicability to special taxation for capital gains tax on compensation by substitute land)

The amended provisions of Article 77-2 shall apply to transfers made after this Act enters into force.

Article 22 (Applicability to tax credits on pension accounts)

The amended provisions of Article 86-4 shall apply to deposits made in a pension account after this Act enters into force.

Article 23 (Applicability to special taxation on dividend income from collective investment securities of publicly offered real estate funds)

The amended provisions of Article 87-7 (1) shall apply to dividend income received initially after this Act enters into force.

Article 24 (Applicability to special taxation on tax-free comprehensive savings)

The amended provisions of Article 88-2 shall apply to accounts newly opened after this Act enters into force.

Article 25 (Applicability to submission of data on tax-favored savings)

(1) The amended provisions of Article 89-2 (1) shall apply where a resident submits a statement of collective investment securities of a publicly offered real estate collective fund subject to the amended provisions of Article 87-7 (1) pursuant to the amended provisions of paragraph (2) of that Article after this Act enters into force.

(2) The amended provisions of Article 89-2 (6) shall apply where data on tax-favored savings are provided after this Act enters into force.

Article 26 (Applicability to tax reduction or exemption for small-housing rental business operators)

The amended provisions of Article 96 (1) (limited to the provisions regarding a reduced amount of tax) shall apply to income accrued from a rental business on or after January 1, 2021.

Article 27 (Applicability to special taxation concerning collection of delinquent taxes from small private enterprises)

The amended provisions of Article 99-10 shall apply where an application for special exception is filed with regard to the collection of arrears after this Act enters into force.

Article 28 (Applicability to labor encouragement subsidies and child care subsidies)

The amended provisions of Article 100-3 (3), (5), and (6), Article 100-4 (6), Article 100-5 (1), (2), (4), and (5), Article 100-6 (5) and (7) through (9), Article 100-7, Article 100-8 (5), Article 100-28, Article 100-29, Article 100-30 (1) and (3), and Article 100-31 shall apply where an application for a labor encouragement subsidy or child care subsidy is filed after this Act enters into force.

Article 29 (Applicability to special taxation for facilitation of investment and mutually-beneficial cooperation)

The amended provisions of Article 100-32 (1) shall apply to tax returns filed on a tax base after this Act enters into force.

Article 30 (Applicability to annual maximum amount of tax credit for electronic returns)

The amended provisions of Article 104-8 (3) and (4) shall apply to tax returns filed by a certified tax accountant reporting his or her tax base pursuant to paragraph (3) of that Article after this Act enters into force.

Article 31 (Applicability to exemption from value-added tax on business of dperating dormitory)

The amended provisions of Article 106 (1) shall apply to the right to manage facilities and services provided after this Act enters into force.

Article 32 (Applicability to reduction and exemption of value-added tax on petroleum products for agriculture, forestry, fisheries, and coastal passenger ships)

(1) The amended provisions of Article 106-2 (10) shall apply where a natural disaster or other relevant event occurs after this Act enters into force.

(2) The amended provisions of Article 106-2 (13) 2 shall apply where a ground for revocation of the designation arises on or after January 1, 2021.

(3) The amended provisions of Article 106-2 (20) shall apply where an institution responsible for tax-free petroleum requests data after this Act enters into force.

Article 33 (Applicability to reduction or exemption of individual consumption tax for replacing decrepit motor vehicles)

Article 109-2 (1) shall apply only to vehicles shipped out of the factory or declared for import during the period from January 1, 2020 to June 30, 2020 and newly registered during that period.

Article 34 (Applicability to reduction or exemption of individual consumption tax for golf courses in crisis areas and Jeju Special Self-Governing Province)

The amended provisions of Articles 112 and 121-15 shall apply to admissions after this Act enters into force.

Article 35 (Applicability to special cases concerning indirect tax for Jeju-do traveler using duty-free shops)

The amended provisions of Article 121-13 (5) shall apply to purchases of duty-free goods after this Act enters into force.

Article 36 (Applicability to reduction or exemption of corporate tax for enterprises that occupy high-tech medical complexes and national food clusters)

The amended provisions of Articles 121-22 shall apply to tax returns filed for a tax base after this Act enters into force.

Article 37 (Applicability to income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (limited to the provisions concerning newspaper subscription fees) shall apply to the amounts spent on or after January 1, 2021.

Article 38 (Applicability to tax credits carried-forward)

The amended provisions of Article 144 (1) 2 shall apply to expenses incurred after this Act enters into force.

Article 39 (Special provisions on special taxation on dividend income from collective investment securities of publicly offered real estate funds)

For the purpose of applying the amended provisions of Article 87-7 to a resident who holds collective investment securities of a publicly offered real estate fund when this Act enters into force, the enforcement date of this Act shall be deemed the date of investment in the collective investment securities of the publicly offered real estate fund.

Article 40 (Special provisions on calculation of interest related to non-payment of amount of unpaid tax relief for value-added tax for general taxicab business operators)

Notwithstanding the amended provisions of Article 106-7 (7), the interest rate for the period prior to December 31, 2019, among the period on which the calculation of an amount equivalent to interest for unpaid tax relief is based, shall be 3/10000, and the interest rate for the period from January 1, 2020 to March 31, 2020 shall be 25/100000.

Article 41 (Transitional measure concerning tax credits for investment in specific facilities)

With respect to the deduction rate for investments in facilities referred to in Article 25 (1) 6 (excluding investments by a small or medium enterprise), which commenced on or before December 31, 2017 and made during the period from the enforcement date of this Act to December 31, 2020, the provisions of the former Act on Restriction on Special Cases concerning Taxation (referring to the Act in force before it was amended by Act No. 15227) shall apply, notwithstanding the amended provisions of Article 25 (2) and Article 13 of the Addenda.

Article 42 (Transitional measure concerning tax credits on social insurance premiums for small and medium enterprises)

With respect to social insurance newly purchased before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 30-4 (3).

Article 43 (Transitional measure concerning special taxation for gift tax on start-up funds)

With respect to gift tax imposed under Article 30-5 (1) on a start-up fund donated as a gift before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 30-5 (2), (4) and (6) 4.

Article 44 (Transitional measure concerning special taxation for incorporation of holding companies through investment in kind with stocks)

With respect to investments in kind or stock swaps consummated on or before December 31, 2026, the previous provisions shall apply, notwithstanding the amended provisions of Article 38-2. *<Amended on Dec. 28, 2021; Dec. 31, 2023>*

Article 45 (Transitional measure concerning special taxation for capital gains tax for relocating museums)

With respect to cases where special taxation was granted under Article 83 (1) for capital gains tax on a transfer of a museum, etc. falling under any subparagraph of that paragraph before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 83 (1).

Article 46 (Transitional measure concerning special taxation for relocating factories in areas subject to development plans of Administrative City and Innovation Cities to rural areas)

With respect to cases where a business has commenced after being related to a rural area from and administrative city, etc. pursuant to the previous provisions of Article 85-2 (3) before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 85-2 (3) and (6).

Article 47 (Transitional measure concerning special taxation for relocation of factories due to expropriation for public works projects)

With respect to cases where special taxation was granted under Article 85-7 for capital gains tax on the site and buildings of a factory transferred to the implementor of a public works project before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 85-7 (1).

Article 48 (Transitional measure concerning special taxation for small or medium enterprises upon relocation of factories)

With respect to cases where special taxation was granted under Article 85-8 for capital gains tax on the site and buildings of a factory transferred before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 85-8 (1).

Article 49 (Transitional measure concerning special taxation on tax-free comprehensive savings)

With respect to tax-free comprehensive savings accounts opened before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 88-2.

Article 50 (Transitional measure concerning submission of data on tax-favored savings)

With respect to data on tax-favored savings retained after receiving them before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 89-2 (6).

Article 51 (Transitional measure concerning tax reduction or exemption for small-housing rental business operators)

With respect to income accrued from a rental business on or before December 31, 2020, the previous provisions shall apply, notwithstanding the amended provisions of Article 96 (1) (limited to the provisions concerning reduced or exempted amounts of tax.

Article 52 (Transitional measure concerning tax credits for electronic commerce of petroleum products)

With respect to petroleum products supplied through an electronic payment network before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 104-25 (1).

Article 53 (Transitional measure concerning reduction or exemption of individual consumption tax for replacing decrepit motor vehicles)

@Notwithstanding Article 33 of the Addenda, if a manufacturer, wholesaler, retailer, importer, or any other business operator who has a passenger motor vehicle in his possession as at December 31, 2019, which was shipped out of the place of manufacturing or bonded area before December 31, 2019, and for which individual consumption tax has been paid or shall be paid, submits evidentiary documents for such passenger motor vehicle as determined by the Commissioner of the National Tax Service or the Commissioner of Korea Customs Service, such as a written sales confirmation, a written inventory confirmation, a refund application, etc., and obtains confirmation from the head of the competent tax office or the head of the competent customs office, the manufacturer, wholesaler, retailer, importer, or business operator may be granted tax reduction, exemption, refund or deduction under Article 109-2, as if the motor vehicle is shipped out of the place of manufacture or bonded area on or after the enforcement date of this Act.

ADDENDA *<Act No. 16859, Dec. 31, 2019>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation. *<Proviso Omitted.>*

Articles 2 through 10 Omitted.

ADDENDA *<Act No. 16998, Feb. 11, 2020>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 11 Omitted.

ADDENDA <*Act No. 17039, Feb. 18, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 17073, Mar. 23, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to tax credits for rental business operators reducing rent for commercial buildings)

The amended provisions of Article 96-3 shall apply to the taxable year in which January 1, 2020 falls and the subsequent taxable years thereafter.

Article 3 (Applicability to tax reduction or exemption for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 (1) through (4) and (6) shall apply to the places of business extended in the Republic of Korea after this Act enters into force.

Article 4 (Applicability to reduction or exemption of value-added tax for small-scale sole proprietorship)

The amended provisions of Article 108-4 shall apply to the taxable year in which this Act enters into force and the subsequent taxable years thereafter.

Article 5 (Applicability to special cases of exemption of simplified taxable persons from liability to pay value-added tax)

The amended provisions of Article 108-5 shall apply to the taxable year in which this Act enters into force and the subsequent taxable years thereafter.

Article 6 (Applicability to income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (2) shall apply to year-end settlements and final returns filed on the tax base of gross income after this Act enters into force.

Article 7 (Applicability to special cases concerning exclusion of entertainment expenses from deductible expenses)

The amended provisions of Article 136 (4) and (5) shall apply the taxable year in which this Act enters into force and the subsequent taxable years thereafter.

Article 8 (Applicability to refund of individual consumption tax on motor vehicles)

If a person liable to pay individual consumption tax under Article 3 of the Individual Consumption Tax Act, who has already paid or is obliged to pay individual consumption tax on a motor vehicle shipped out of the place of manufacturing or declared for import during the period from March 1, 2020 to the day immediately before the enforcement date of this Act, submits evidentiary documents for the motor vehicle, such as a tax invoice, by April 25, 2020, as determined by the Commissioner of the National Tax Service or the Commissioner of Korea Customs Service, the person may be granted the refund of a tax amount equivalent to the reduced portion of the tax or a tax credit on the tax amount to be paid.

ADDENDA <*Act No. 17254, May 19, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (2) shall apply to year-end settlements and final returns filed on the tax base of gross income after this Act enters into force.

ADDENDA <*Act No. 17339, Jun. 9, 2020*>

This Act shall enter into force on the date of its promulgation. <*Proviso Omitted.*>

ADDENDA <*Act No. 17344, Jun. 9, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 8 Omitted.

ADDENDA <*Act No. 17460, Jun. 9, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 through 4 Omitted

ADDENDA <*Act No. 17759, Dec. 29, 2020*>

Article 1 (Enforcement date)

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This Act shall enter into force on January 1, 2021; provided, the amended provisions of Article 104-8 (5) and (6) shall enter into force on July 1, 2021; the amended provisions of Article 117 (1) 2-5 and 3 on April 1, 2021; and the amended provisions of Articles 91-2 and 126-2 (5) on January 1, 2025. <*Amended on Dec. 31, 2022*>

Article 2 (General applicability)

(1) The amended provisions regarding income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after this Act enters into force.

(2) The amended provisions regarding value-added tax in this Act shall apply to goods or services supplied, purchased, or declared for import after this Act enters into force.

(3) The amended provisions regarding capital gains tax and securities transaction tax in this Act shall apply to transfers consummated after this Act enters into force.

(4) The amended provisions regarding inheritance tax or gift tax in this Act shall apply where inheritance commences or gift is granted after this Act enters into force.

Article 3 (Applicability to special tax reductions or exemptions for small or medium enterprises)

The amended provisions of Article 7 (1) 1 (zu) and of the proviso of the subparagraph of that paragraph shall apply also to the taxable years beginning on or after January 1, 2019.

Article 4 (Applicability to integrated investment tax credit)

The amended provisions of Articles 24 shall apply to tax returns filed for a tax base after this Act enters into force.

(2) Where a national prescribed in the amended provisions of Article 24 (1) meets all the following requirements and makes investments during two or more consecutive taxable years, all investments shall be deemed to have been in the taxable year in which the investments are completed, notwithstanding the amended provisions of Article 24 (2):

1. The investments commenced before the taxable year in which December 31, 2020 falls;
2. No deduction has been granted under any previous provision of Articles 5, 25, 25-4, and 25-7.

Article 5 (Applicability to special taxation on investors in specific infrastructure funds)

The amended provisions of Article 26-2 shall apply to the income received after this Act enters into force.

Article 6 (Applicability to special taxation for investors in collective investment schemes specializing in investment and financing)

The amended provisions of Article 27 shall apply to the income received after this Act enters into force.

Article 7 (Applicability to special taxation for including depreciation cost of assets invested in plant and equipment in deductible expenses)

The amended provisions of Article 28-3, with the exception of the subparagraphs thereof, shall apply to assets invested in plant and equipment and acquired on or after January 1, 2021.

Article 8 (Applicability to tax credits for enterprises employing career-interrupted women)

(1) The amended provisions of Article 29-3 (2) shall apply to the labor cost paid to persons returning from childcare leave after this Act enters into force.

(2) The amended provisions of Article 29-3 (3) shall apply where an amount equivalent to the deducted amount of tax is paid after this Act enters into force.

Article 9 (Applicability to tax credits for change of status to regular employees)

The amended provisions of Article 30-2 (2) shall apply where an amount equivalent to the deducted amount of tax is paid after this Act enters into force.

Article 10 (Applicability to capital gains tax carried forward following conversion into corporation)

The amended provisions of Article 32 (1) shall apply to investments in kind or conversion into corporation after this Act enters into force.

Article 11 (Applicability to tax reduction or exemption for enterprises relocating factories to outside of Seoul Metropolitan Area)

The amended provisions of Article 63 shall apply where a factory is relocated (including cases where a small or medium enterprise relocates its factory to outside of the over-concentration control region of the Seoul Metropolitan area) after this Act enters into force.

Article 12 (Applicability to tax reduction or exemption for enterprises relocating head offices to outside of Seoul Metropolitan Area)

The amended provisions of Article 63-2 shall apply where a head office is relocated after this Act enters into force.

Article 13 (Applicability to special taxation for members of employee stock ownership associations)

The amended provisions of Article 88-4 (13) 3 shall apply where a donation is paid to an employee stock ownership association in a business year beginning after this Act enters into force.

Article 14 (Applicability to submission of data on tax-favored savings)

The amended provisions of Article 89-2 (6) shall apply also to data related to tax-favored savings and retained by the agency collecting data on tax-favored savings at the time this Act enters into force.

Article 15 (Applicability to low rate of taxation on deposits in cooperatives)

The amended provisions of Article 89-3 (1) (limited to the provisions concerning age at the time of opening an account) shall pply to the accounts opened after this Act enters into force.

Article 16 (Applicability to special taxation for collective investment schemes)

(1) The amended provisions of Article 91-2 (1) shall apply to those repurchased on or after January 1, 2025. *<Amended on Dec. 31, 2022>*

(2) The amended provisions of Article 91-2 (2) and (3) shall begin to apply to the income incurred after January 1, 2025. *<Amended on Dec. 31, 2022>*

Article 17 (Applicability to special taxation for individual savings accounts)

(1) The amended provisions of Article 91-18 (1), (2), (3) (excluding subparagraphs 3 and 5 of that paragraph), (4) through (6), and (9) through (11) shall apply to the opening, extension, and termination of an account after this Act enters into force.

(2) The amended provisions of Article 91-18 (3) 3 shall apply to the stocks referred to in item (e) of that subparagraph and acquired after this Act enters into force.

(3) The amended provisions of Article 91-18 (3) 5 shall apply to the deposits made after this Act enters into force.

(4) The amended provisions of Article 91-18 (7) shall apply to the contracts terminated after this Act enters into force.

(5) The amended provisions of Article 91-18 (8) shall apply to the withdrawals made after this Act enters into force.

Article 18 (Applicability to tax credits for monthly rents)

(1) The amended provisions of Article 95-2 (1) (limited to the provisions concerning the inclusion of foreigners) shall apply to monthly rents paid after this Act enters into force.

(2) The amended provisions of Article 95-2 (1) (limited to the provisions concerning global income) and Article 122-3 (3) shall apply to year-end settlements and final returns filed on the tax base of gross income after this Act enters into force.

Article 19 (Applicability to tax reduction or exemption for small-housing rental business operators)

(1) The amended provisions of the main clause of Article 96 (2) shall apply to private rental housing units for which an application for registration is filed pursuant to Article 5 of the Special Act on Private Rental Housing on or after August 18, 2020.

(2) The amended provisions of the proviso of Article 96 (2) shall apply to the units deregistered on or after August 18, 2020.

Article 20 (Applicability to tax credits for rental business operators reducing rent for commercial buildings)

The amended provisions of Article 96-3 shall apply to tax returns filed for a tax base after this Act enters into force.

Article 21 (Applicability to special taxation for capital gains tax on purchasers of houses in agricultural or fishing villages)

(1) The amended provisions of Article 99-4 (1) 1 (a) (iii) and 2 (b) (ii) shall apply where a house in an agricultural or fishing village or in one’s hometown after this Act enters into force.

(2) The amended provisions of Article 99-4 (1) 1 (b) and 2 (c) shall apply to the transfers consummated after this Act enters into force.

Article 22 (Applicability to labor encouragement subsidies and child care subsidies)

(1) The amended provisions of Articles 100-3 (5) 2, 100-5 (3), 100-6 (1) and (3), 100-8 (3), and 100.30 (1) shall apply to the applications filed for labor encouragement subsidies or child care subsidies after this Act enters into force.

(2) The amended provisions of Article 100-6 (11) shall apply where a resident consents after this Act enters into force.

Article 23 (Applicability to special taxation for facilitation of investment and mutually-beneficial cooperation)

The amended provisions of Article 100-32 (7) shall apply to tax returns filed for an over-appropriated amounts after this Act enters into force.

Article 24 (Applicability to tax credits for electronic returns)

The amended provisions of Article 104-8 (1) and (3) shall apply tax returns filed for a tax base by means of electronic return after this Act enters into force.

Article 25 (Applicability to tax credits for electronic returns)

The amended provisions of Article 104-8 (5) and (6) shall apply to notices given by means of electronic service on or after July 1, 2021.

Article 26 (Applicability to tax reduction or exemption for overseas Korean enterprises on their return to Korea)

The amended provisions of Article 104-24 shall apply to businesses that are established or expanded in the Republic of Korea after this Act enters into force.

Article 27 (Applicability to application of zero rate to urban railway construction services directly provided to Korea Railroad Corporation)

The amended provisions of Article 105 (1) 3 (e) shall apply to those construction services directly provided to the Korea Railroad Corporation after this Act enters into force.

Article 28 (Applicability to reduction or exemption of traffic, energy and environment tax on diesel for coastal cargo ships)

The amended provisions of Article 111-5 shall apply to the services directly provided to the Korea Shipping Association after this Act enters into force.

Article 29 (Applicability to exemption of individual consumption tax on petroleum used as raw materials for process of producing petroleum products)

The amended provisions of Article 111-6 shall apply to the products shipped out of a place of manufacturing or declared for import after this Act enters into force.

Article 30 (Applicability to exemption from liquor tax)

The amended provisions of Article 115 (1) shall apply to the products shipped out of a brewery after this Act enters into force.

Article 31 (Applicability to exemption from liquor tax on goods from bonded stores installed in passage entering into Korea)

The amended provisions of Article 121-14 (1) through (3) shall apply to the products supplied to a bonded store or shipped out of a brewery after this Act enters into force.

Article 32 (Applicability to Reduction or Exemption of Corporate Tax for Start-Up Enterprises in Enterprise City Development Zones)

The amended provisions of Articles 121-17 (1) 3 and 121-19 (1) 8 shall apply where a business or a place of business is newly established on or after January 1, 2019, and the amended provisions of

Article 121-17) (1) 4 shall apply to investments that a business operator commences to make pursuant to Article 10 (1) of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea.

Article 33 (Applicability to income deduction for amount spent on credit cards)

The amended provisions of Article 126-2 (10) shall apply to year-end settlements and final returns filed on the tax base of gross income after this Act enters into force.

Article 34 (Applicability to restriction on special taxation for savings subsidization)

The amended provisions of Article 129-2 shall apply to the opening, extension, and termination of an account after this Act enters into force.

Article 35 (Applicability to tax credits carried-forward)

The provisions concerning the period for carried-forward tax credit in Article 144 (1) shall apply to tax returns filed for a tax base after this Act enters into force.

Article 36 (Applicability to tax credits on investment in specific facilities)

(1) If a national referred to in the amended provisions of Article 24 (1) completes investments by December 31, 2021 (or December 31, 2020 for investments under the previous provisions of Article 25-7), such national is eligible for the application of the previous provisions of Articles 5, 25, 25-4, 25-5, and 25-7 (hereafter referred to in this Article as"previous provisions concerning tax credits"). In such cases, a national referred to in the amended provisions of Article 24 (1) and eligible for the application of the previous provisions concerning tax credits is not eligible for the application of the amended provisions of Article 24 to other assets otherwise eligible for tax credits.

(2) If the previous provisions concerning tax credits are applicable under paragraph (1), the previous provisions shall apply, notwithstanding the amended provisions of Articles 72 (2), 127 (1) through (4), 128 (1), 130 (1) and (2), 132 (1) 3 and (2) 3, and 146.

Article 37 (Transitional measure concerning special tax reductions or exemptions for small or medium enterprises)

The previous provisions shall apply to taxable years that began before this Act enters into force, notwithstanding the amended provisions of Article 7 (1) 1 (zv) and (3).

Article 38 (Transitional measure concerning additional dues related to exemption from secondary tax liability of investors of venture businesses)

Notwithstanding the amended provisions of Article 15 (1), the previous provisions shall apply to the tax liabilities established before January 1, 2020.

Article 39 (Transitional measure concerning capital gains tax carried forward following conversion into corporation)

The previous provisions shall apply to investments in kind and conversion into corporation completed before this Act enters into force, notwithstanding the amended provisions of Article 32 (1).

Article 40 (Transitional measure concerning tax reduction or exemption for small and medium enterprises relocating factories to outside of over-concentration control region of Seoul Metropolitan

Area)

Notwithstanding the amended provisions of Article 63, the previous provisions shall apply where a factory was relocated before this Act enters into force.

Article 41 (Transitional measure concerning reduction or exemption of corporate tax for corporations relocating factories or head offices to outside of Seoul Metropolitan Area)

Notwithstanding the amended provisions of Article 63-2, the previous provisions shall apply where a factory or head office was relocated before this Act enters into force.

Article 42 (Transitional measure concerning special taxation for members of employee stock ownership associations)

Notwithstanding the amended provisions of Article 88-4 (13) 3, the previous provisions shall apply to donations paid to an employee stock ownership association in business years that began before this Act enters into force.

Article 43 (Transitional measures concerning special taxation for collective investment schemes)

(1) Notwithstanding the amended provisions of Article 91-2 (1), the previous provisions shall apply to the securities repurchased before the enforcement date specified in the proviso of Article 1 of the Addenda to this Act.

(2) Notwithstanding the amended provisions of Article 91-2 (2) and (3), the previous provisions shall apply to the income accrued before the enforcement date specified in the proviso of Article 1 of the Addenda to this Act.

Article 44 (Transitional measure concerning special taxation for individual savings accounts)

Notwithstanding the amended provisions of Article 91-18 (1), the previous provisions shall apply to the accounts opened before this Act enters into force.

Article 45 (Transitional measure concerning tax reduction or exemption for small-housing rental business operators)

Notwithstanding the amended provisions of main clause of Article 96-2 (1), the previous provisions shall apply to the private rental housing units for which an application for registration was filed before August 18, 2020 pursuant to the Special Act on Private Rental Housing.

Article 46 (Transitional measure concerning special taxation for capital gains tax on purchasers of houses in agricultural or fishing villages)

Notwithstanding the amended provisions of Article 99-4 (1) 1 (a) (iii) and 2 (b) (ii), the previous provisions shall apply where a house in an agricultural or fishing village or a house in one’s hometown is acquired pursuant to the previous provisions of Article 99-4 before this Act enters into force.

Article 47 (Transitional measure concerning special taxation concerning collection of delinquent taxes from small private enterprises)

A person who filed an application for special taxation concerning the collection of delinquent taxes pursuant to the previous provisions as at the time this Act enters into force shall be deemed to have filed the application pursuant to the amended provisions of Article 99-10.

Article 48 (Transitional measures concerning additional dues)

Notwithstanding the amended provisions of Article 104-7 (4), the previous provisions shall apply to the tax liabilities established before January 1, 2020.

Article 49 (Transitional measure concerning tax reduction or exemption for overseas Korean enterprises on their return to Korea)

Notwithstanding the amended provisions of Article 104-24 (1) through (4), the previous provisions shall apply to businesses established or expanded in the Republic of Korea before this Act enters into force.

Article 50 (Transitional measure concerning reduction or exemption of corporate tax for start-up enterprises in enterprise city development zones)

(1) Notwithstanding the amended provisions of Articles 121-17 (1) 3 and 121-19 (1) 8, the former Act on Restriction on Special Cases concerning Taxation (referring to the Act before it was amended by Act No. 16009) shall apply where a business or a place of business was newly established before January 1, 2019.

(2) Notwithstanding the amended provisions of Article 121-17 (1) 4, the previous provisions shall apply to project implementers who commenced investments pursuant to Article 10 (1) 5 of the Special Act on Support for Areas Adjacent to Districts Granted to the United States Armed Forces in Korea before this Act enters into force.

Article 51 (Transitional measure concerning tax credits carried-forward)

Notwithstanding the amended provisions of Article 144 (1) and (2), the previous provisions shall apply where no tax credit was granted for a carried-forward tax amount because of the lapse of the period specified in any of the previous subparagraphs of Article 144 (1) (including the period for carried-forward tax credit under Article 52 of the Addenda to the partial amendment (Act No. 16009) to the Act on Restriction on Special Cases concerning Taxation) before this Act enters into force.

Article 52 (Transitional measure concerning additional collection of amount of tax reduced or exempted)

Notwithstanding the amended provisions of Article 146, the previous provisions shall apply where the relevant assets were disposed of before this Act enters into force.

ADDENDA <*Act No. 17799, Dec. 29, 2020*>

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 26 Omitted.

ADDENDA <*Act No. 17883, Jan. 5, 2021*>

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA *<Act No. 17926, Mar. 16, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of Article 100-5 (2) shall enter into force on July 1, 2021.

Article 2 (Applicability to tax credits for enterprises increasing Jobs)

The amended provisions of Article 29-7 (5) through (8) shall apply to tax returns filed on a tax base for the taxable year in which December 31, 2020 falls and the subsequent taxable years thereafter.

Article 3 (Applicability to capital gains tax reduction or exemption for land released from development restriction zones)

The amended provisions of Article 77-3 (2) shall apply to the taxable year in which this Act enters into force and the subsequent taxable years thereafter.

Article 4 (Applicability to tax credits for rental business operators reducing rent for commercial buildings)

(2) The amended provisions of Article 96-3 (1) shall apply to rental income accrued on or after January 1, 2021.

Article 5 (Applicability to special taxation on land transferred for purpose of construction of purchased public rental housing)

The mended provisions of Article 97-9 shall apply to the transfers after this Act enters into force.

Article 6 (Transitional measure concerning tax credits for rental business operators reducing rent for commercial buildings)

Notwithstanding the amended provisions of Article 96-3 (1), the previous provisions shall apply to the rental income accrued before January 1, 2021.

ADDENDA *<Act No. 18075, Apr. 20, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA *<Act No. 18358, Jul. 27, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 18371, Aug. 10, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 (Applicability to tax credits for submission of tax data concerning service providers)

The amended provisions of Article 104-32 shall apply to tax data submitted on services from which revenue or income accrues after this Act enters into force.

ADDENDA *<Act No. 18425, Aug. 17, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA *<Act No. 18503, Oct. 19, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

ADDENDA *<Act No. 18521, Nov. 23, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation. *<Proviso Omitted.>*

Article 2 through 4 Omitted

ADDENDA *<Act No. 18547, Dec. 7, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 10 Omitted.

ADDENDA *<Act No. 18634, Dec. 28, 2021>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2022; provided, the amended provisions specified in the following subparagraphs shall enter into force on their respective dates: *<Amended on Dec. 31, 2022; Apr. 11, 2023>*

1. The amended provisions of Articles 14, 16-4 (2), (3), (7) and 16 (5); the amended provisions concerning "financial investment income" in Article 26-2 (1); the amended provisions concerning "financial investment income" in Articles 26-2 (3) and (4), 27, 38 (1) and (2), and 38-2; the amended provisions concerning"financial investment income" in Article 40 (3); the amended provisions of Articles 46, 46-2, and 46-3; the amended provisions concerning "financial investment income" in Article 46-7 (1); the amended provisions of paragraphs (2) and (3) of that Article; the amended provisions concerning"financial investment income" in Article 46-8 (1); the amended provisions of Articles 46-8 (2) and (3); the amended provisions concerning "financial investment income" in 87-7 (1); the amended provisions of Articles 87-7 (3), (5), and (6), 88-2, 88-4, 89, 91-14), 91-17, 91-18 (excluding paragraphs (2) and (3) 5), 100-21, and 104-4; the amended provisions of"financial investment income" in Article 121-28 (3); the amended provisions concerning "financial investment income" in Article 121-30 (1); the amended provisions of Article 121-30 (3); and the amended provisions concerning "financial investment income" in Article 146-2 (1): January 1, 2025;

2. The amended provisions of Article 30-3 (5) 3: February 18, 2022.

3. The amended provisions of Article 58: April 15, 2023;

Article 2 (General applicability)

(1) The amended provisions concerning income tax (excluding capital gains tax and financial investment income tax) and corporate tax in this Act shall apply to tax years beginning on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(2) The amended provisions concerning value-added tax in this Act shall apply where goods or services are provided, received, or declared for import on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(3) The amended provisions concerning capital gains tax and securities transaction tax in this Act shall apply to the transfers on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(4) The amended concerning financial investment income tax in this Act shall apply to income accrued on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(5) The amended provisions concerning inheritance tax and gift tax in this Act shall apply to inheritances that commenced or gifts donated on or after the enforcement date of the relevant amended

provisions specified in Article 1 of the Addenda.

(6) The amended provisions concerning stamp tax in this Act shall apply to taxation documents prepared on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(7) The amended provisions concerning customs duties in this Act shall apply to import declarations filed on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

Article 3 (Applicability to tax credits for contributions to funds for mutually beneficial cooperation)

The amended provisions of Article 8-3 (1) 4 shall apply contributions made initially after this Act enters into force.

Article 4 (Applicability to tax credits for research and human resources development expenses)

The amended provisions concerning research and development expenses for national strategic technologies in Article 10 shall apply to research and development expenses incurred on or after July 1, 2021.

Article 5 (Applicability to special taxation for institutional private equity funds)

(1) The amended provisions of Articles 13-2 (1) 2, 16 (1) 5, 100-15) (1) 3, and 100-18 (3) shall apply to tax returns filed for a tax base after this Act enters into force.

(2) The amended provisions of Article 117 (1) 4 and 23 shall apply where the tax return on a tax base is filed or a tax base is determined or revised after this Act enters into force.

(3) With respect to existing private equity funds that will continue to exist, as they are deemed institutional private equity funds, private equity funds for stabilizing corporate financing, and private equity funds specializing in business start-ups and venture businesses under Article 8 (1) through (4) of the Addenda to the partial amendment (Act No. 18128) to the Financial Investment Services and Capital Markets Act, the previous provisions shall apply, notwithstanding the amended provisions of Articles 13-2 (1) 2, 16 (1) 5, 100-15 (1) 3, 100-18 (3), and 117 (1) 4 and 23.

Article 6 (Applicability to special taxation on gains from exercising stock options of venture businesses)

(1) The amended provisions of Article 16-2 (1) shall apply to the stock options exercised after this Act enters into force.

(2) The amended provisions of Article 16-4 (1) (excluding the provisions concerning gains from issuance at a price lower than the market price) shall apply also to the stock options granted pursuant to Article 16-3 of the Act on Special Measures for the Promotion of Venture Businesses before this Act enters into force and exercised on or after January 1, 2021.

(3) The amended provisions of Article 16-4 (1) (limited to the provisions concerning gains from issuance at a price lower than the market price) and (2) through (4) shall apply to the stock options granted after this Act enters into force.

Article 7 (Applicability to integrated investment tax credit)

The amended provisions concerning facilities for the commercialization of national strategic technologies in Article 24 shall apply to investments in such facilities for the commercialization of national strategic technologies on or after July 1, 2021.

Article 8 (Applicability to tax credits for production costs of video content)

The amended provisions of Article 25-6 (1) shall apply to expenditures incurred for the production of video contents after this Act enters into force.

Article 9 (Applicability to tax credits for enterprises employing career-interrupted women)

(2) The amended provisions of Article 29-3 (1) 2 shall apply where career-interrupted women are employed after this Act enters into force.

Article 10 (Applicability to income tax reductions or exemptions on payments received from performance compensation fund for core personnel of small and medium enterprises)

The amended provisions of Article 29-6 (1) 1 shall apply to mutual aid payments received from a performance compensation fund after this Act enters into force.

Article 11 (Applicability to tax credits for change of status to regular employees)

The amended provisions of the proviso of Article 30-2 (1) and of the paragraph (2) of that Article shall apply where the status of a worker is changed to a regular employee after this Act enters into force.

Article 12 (Applicability to special taxation for swap of unlisted stocks for strategic partnership)

The amended provisions of Article 46-7 (1) (excluding the provisions concerning financial investment income) shall apply to stock swaps under those amended provisions after this Act enters into force.

Article 12-2 (Applicability to tax credit for donation to Love of Hometown)

The amended provisions of Article 58 shall begin to apply where a resident makes a donation during the taxable period to which the enforcement date under subparagraph 3 of Article 1 of the Addenda belongs.

Article 13 (Applicability to submission of data on tax-favored savings)

(1) The amended provisions of Article 89-2 (1) shall apply also to dedicated accounts opened pursuant to the previous provisions of Articles 26-2 and 27 before January 1, 2022.

(2) Where paragraph (1) is applicable, the period of notification period shall be no later than June 30, 2022, notwithstanding Article 89-2 (1).

Article 14 (Applicability to special taxation for individual savings accounts)

(1) The amended provisions of Article 91-18 (1), (5) through (9), and (13) shall also apply where an individual savings account opened before January 1, 2025 is terminated after January 1, 2025. <*Amended on Dec. 31*>

(2) The amended provisions of Article 91-18 (2) shall apply to the opening and extension of an account after this Act enters into force.

Article 15 (Applicability to long-term collective investment securities savings for youth)

The amended provisions of Article 91-20 shall apply where a new account is opened for long-term collective investment securities savings for youth pursuant to those amended provisions after this Act enters into force. In such cases, the transfer of collective investment securities held before this Act enters into force to an account for long-term collective investment securities savings for youth shall not be deemed the opening of a new account.

Article 16 (Applicability to labor encouragement subsidies)

The amended provisions of Articles 100-3 (1) 2, 100-5 (1), 100-6 (3), and 100-8 (5) and (8) shall apply to the applications filed for labor encouragement subsidies after this Act enters into force (including cases where an application is deemed to have been filed for a semi-annual term pursuant to Article 100-6 (9) for income for the second half of the taxable period of 2021).

Article 17 (Applicability to calculation and allocation of income for partnerships)

The amended provisions of Article 100-18 (1) and (2) shall apply to deficits incurred in taxable years beginning on or after January 1, 2021.

With respect to deficits incurred before January 1, 2021, the previous provisions shall apply, notwithstanding the amended provisions of Article 100-18 (1) and (2).

Article 18 (Applicability to special taxation for facilitation of investment and mutually-beneficial cooperation)

The amended provisions of Article 100-32 (5) and (6) shall apply to an amount reserved for appropriation in the following term for the business year in which December 31, 2021 falls and the subsequent business years thereafter.

Article 19 (Applicability to special taxation for rearrangement project associations)

The amended provisions of Article 104-7 (2) 2 shall apply to the associations established after this Act enters into force.

Article 20 (Applicability to special taxation for establishment and operation of corporate e-sport teams)

The amended provisions of Article 104-22 shall apply to the establishment and operation of an e-sports team after this Act enters into force.

Article 21 (Applicability to inclusion of claims in deductible expenses following revocation of authorization for establishment of rearrangement project associations)

The amended provisions of Article 104-26 (1) shall also apply where the approval for a promoters' committee or the authorization to establish an association is revoked pursuant to Article 22 of the Act on the Improvement of Urban Areas and Residential Environments after February 9, 2018.

Article 22 (Applicability to additional collection of customs duties on goods imported by enterprises that occupy Jeju Science Park)

The amended provisions of Article 121-10 (3) shall apply where a business is closed or dissolved, or where a place of business is relocated to any area other than the Jeju Science Park, after this Act enters into force.

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Article 23 (Applicability to special taxation for assets sold by domestic corporations to pay financial debts)

The amended provisions of Article 121-26 shall also apply to transfers of assets after this Act enters into force by an enterprise with a business restructuring plan approved before this Act enters into force.

Article 24 (Applicability to elimination of duplicative support)

The amended provisions of Article 127 (1) 4 shall apply to investments made after this Act enters into force.

Article 25 (Transitional measures concerning tax credits on payments settled through mutually beneficial payment system)

Notwithstanding the amended provisions of Article 7-4 (1) and (2), the previous provisions shall apply to tax credits on payments settled through the mutually beneficial payment system for the taxable years that began before this Act enters into force.

Article 26 (Transitional measures concerning tax credits for acquisition of technological innovation-oriented stocks)

Notwithstanding the amended provisions of Article 12-4 (1), the previous provisions shall apply to tax credits for the acquisition of stocks or equity shares before this Act enters into force.

Article 27 (Transitional measures concerning rate of tax credit for management performance bonuses of achievement-sharing small and medium enterprises)

Notwithstanding the amended provisions of the main clause of Article 19 (1), the previous provisions shall apply to tax credits for management performance bonuses paid before this Act enters into force.

Article 28 (Transitional measure concerning tax credits on social insurance premiums for small and medium enterprises)

Notwithstanding the amended provisions of Article 30-4 (1) and (2), the previous provisions shall apply to tax credits for the relevant taxable year, where the number of full-time employees in a taxable year beginning before this Act enters into force increases from the number of full-time employees in the immediately preceding taxable year.

Article 29 (Transitional measures concerning financial investment income)

(1) With respect to dividend income or capital gains accrued before January 1, 2025, the previous provisions shall apply, notwithstanding the amended provisions of Articles 14, 16-4 (2), (3), and (7), 16-5, 26-2 (1) (limited to the provisions concerning financial investment income) and (3), 27, 38 (1) and (2), e 38-2 (limited to the provisions concerning financial investment income), 40 (3) (limited to the provisions concerning financial investment income), 46 (1) and (3), 46-2, 46-3 (1), 46-7 (1) (limited to the provisions concerning financial investment income), (2), and (3), 46-8 (1) (limited to the provisions concerning financial investment income), (2), and (3), 87-7 (1) (limited to the provisions concerning financial investment income), (3), (5), and (6), 88-2, 88-4, 89, 91-14, 91-17, 100-21, 104-4, 121-28 (3) (limited to the provisions concerning financial investment income), Article 121-30 (1) (limited to the provisions concerning financial investment income) and (3), Article 146-2 (1) (limited to the provisions

concerning financial investment income). <*Amended on Dec. 31, 2022*>

(2) Notwithstanding paragraph (1), the amended provisions of Article 38 (1), 46-7 (1), 46-8 (1), or 121-30 (1) shall apply to the disposition of stocks, etc. on or after January 1, 2025 by a stockholder or any person who had the taxation of capital gains tax deferred before January 1, 2025, as if the taxation of financial investment income tax has been deferred, if the stockholder or person does not fall under Article 38 (2), 46-7 (2), 46-8 (3), or 121-30 (3). <*Amended on Dec. 31, 2022*>

(3) Notwithstanding paragraph (1), Articles 46 (1) and (3), 46-2, and 46-3 (1) shall apply to the disposition of stocks, etc. on or after January 1, 2023, as if the taxation of financial investment income tax has been deferred, where the taxation of capital gains tax was deferred under the previous provisions of Articles 46 (1) and (3), 46-2, and 46-3 (1) before January 1, 2025. <*Amended on Dec. 31, 2022*>

Article 30 (Transitional measures concerning tax reduction or exemption for corporations relocating head offices to outside of Seoul Metropolitan Area)

(1) Notwithstanding the amended provisions of Article 63-2 (1) 1, the previous provisions of Article 63-2 (1) shall apply to a corporation that relocated its head office to outside of the over-concentration control region of the Seoul Metropolitan area, transferred its head office in the over-concentration control region of the Seoul Metropolitan area to any other person, or repurposed its head office before this Act enters into force.(2) Notwithstanding the amended provisions of Article 63-2 (1) 1 (d), the previous provisions of Article 63-2 (1) 1 shall apply to a corporation that builds a new head office, owns the site for the head office until December 31, 2021, and submits a relocation plan at the time of filing a tax return on the tax base for the taxable year in which December 31, 2021 falls.

Article 31 (Transitional measure concerning special taxation concerning collection of delinquent taxes from small private enterprises)

Notwithstanding the amended provisions of Article 99-10 (2) 1, the previous provisions shall apply to additional dues on national taxes for which the tax liability was established on or before December 31, 2019.

Article 32 (Transitional measures concerning special cases of inclusion in deductible expenses concerning investment in or contribution to credit rehabilitation services companies by financial institutions)

Notwithstanding the amended provisions of Article 104-11, the previous provisions shall apply to special cases of inclusion in deductible expenses concerning Investment in or contribution to credit rehabilitation services companies by financial institutions by December 31, 2021.

ADDENDA <*Act No. 18661, Dec. 28, 2021*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Articles 2 through 8 Omitted.

ADDENDA *<Act No. 18682, Jan. 4, 2022>*

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA *<Act No. 19199, Dec. 31, 2022>*

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2023; provided, the amended provisions of the following subparagraphs shall enter into force on the date specified in the relevant subparagraph. *<Amended on Dec. 31, 2023>*

1. The amended provisions concerning "corporate business promotion expenses" in Article 72 (1); the amended provisions of paragraph (6) of that Article; the amended title and the amended provisions of paragraph (2) in Article 136; the amended provisions concerning "corporate business promotion expenses" and "limits on corporate business promotion expenses" in paragraph (3) of that Article: January 1, 2024;

2. The amended title and the amended provisions of paragraph (1) of Article 111-2: July 1, 2023;

3. The amended provisions of Article 126-2 (limited to the provisions concerning movie theaters): July 1, 2023;

4. The amended provisions of Article 16-4 (3) of the partial amendment (Act No. 18634) to the Act on Restriction on Special Cases concerning Taxation: January 1, 2025.

5. The amended provisions of Article 104-5 and the amended provisions of Article 144 (1) and (2) (limited to the part in which Article 104-5 is added): January 1, 2026.

Article 2 (General applicability)

(1) The amended provisions concerning income tax (excluding capital gains tax) and corporate tax in this Act shall apply to taxable years beginning after the enforcement date specified for the relevant amended provisions in Article 1 of the Addenda.

(2) The amended provisions concerning capital gains tax provisions in this Act shall apply to transfers made on or after the enforcement date specified for the relevant amended provisions in Article 1 of the Addenda.

(3) The amended provisions concerning inheritance tax and gift tax in this Act shall apply to inheritances that commenced or gifts donated on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

(4) The amended provisions concerning value-added tax in this Act shall apply where goods or services are provided, received, or declared for import on or after the enforcement date of the relevant amended provisions specified in Article 1 of the Addenda.

Article 3 (Applicability to special tax reductions or exemptions for small or medium enterprises)

The amended provisions of Article7 (3) shall apply to tax returns filed on a tax base after this Act enters into force.

Article 4 (Applicability to tax credits for contributions to fund for mutually beneficial cooperation)

The amended provisions of Article 8-3 (4) shall apply to the donation of assets on or after January 1, 2023.

Article 5 (Applicability to special taxation for domestic corporation's investment in and acquisition of enterprises specialized in materials, components, or equipment)

The amended provisions of Article 13-3 (3), (4), and (6) shall apply to the acquisition of a foreign corporation related to national strategic technology on or after January 1, 2023.

Article 6 (Applicability to special treatment in payment of gains from exercising stock options of venture businesses)

The amended provisions of Article 16-3 (1) shall apply to the stock options exercised after this Act enters into force.

Article 7 (Applicability to special taxation on gains from exercising stock options of venture businesses)

The amended provisions of Article 16-4 (5) 3 shall apply to the transactions of stocks through a dedicated account after this Act enters into force.

Article 8 (Applicability to financial investment income)

The amended provisions of Article 16-4 (3) of the partial amendment (Act No. 18634) to the Act on Restriction on Special Cases concerning Taxation shall apply to income accrued on or after January 1, 2025.

Article 9 (Applicability to income tax reductions for foreign engineers)

The amended provisions of the main clause of Article 18 (1) shall apply also to foreign engineers in whose case five years have not passed when this Act enters into force since they began to provide labor in the Republic of Korea.

Article 10 (Applicability to special taxation for foreign workers)

The amended provisions of Article 18 (2) shall apply also to foreign engineers in whose case 20 years have not passed when this Act enters into force since they began to provide labor in the Republic of Korea.

Article 11 (Applicability to reduction of income tax for talented national human resources returning to Korea)

The amended provisions of Article 18-3 (1) shall apply also to talented national human resources in whose case five years have not passed when this Act enters into force since they were employed.

Article 12 (Applicability to tax credits for production costs of video content)

The amended provisions of Article 25-6 (1) shall apply to expenditures incurred for the production of video contents under subparagraph 3 of that paragraph after this Act enters into force.

Article 13 (Applicability to special taxation for including depreciation cost of energy saving facilities in deductible expenses)

The amended provisions of Article 28-4 shall apply to energy saving facilities acquired after this Act enters into force.

Article 14 (Applicability to special taxation for corporate tax on relocating factories to outside of large cities)

The amended provisions of Article 60 (5) shall apply to the transfers of the site and buildings of a factory after this Act enters into force.

Article 15 (Applicability to tax return on and payment of gift tax on farmland donated to farming offspring)

The amended provisions of Article 71 (3) shall apply where farming offspring, etc. fall under paragraph (2) after this Act enters into force.

Article 16 (Applicability to special cases of including reserve funds for proper purpose business in deductible expenses)

The amended provisions of Article 74 (1) 6 shall apply to tax returns filed after this Act enters into force.

Article 17 (Applicability to income deductions for collective savings accounts for housing subscription)

The amended provisions of Article 87 (5) shall also apply to tax returns filed for a global income tax base, the determination of income tax, or year-end settlement with respect to earned income in the taxable period of 2022 after this Act enters into force.

Article 18 (Applicability to tax credits for monthly rents)

The amended provisions of Article 95-2 (1) shall also apply to tax returns filed for a global income tax base, the determination of income tax, or year-end settlement after this Act enters into force with respect to monthly rents paid before this Act enters into force.

Article 19 (Applicability to labor encouragement subsidies and child care subsidies)

The amended provisions of Articles 100-3 (1) 4, 100-5 (1) and (4), 100-28 (1) 4, and 100-29 (1) shall apply to the applications filed for labor encouragement subsidies or child care subsidies after this Act enters into force (including cases where an application is deemed to have been filed for a semi-annual term pursuant to Article 100-6 (9) for income for the second half of the taxable period of 2022).

Article 20 (Applicability to special taxation for facilitation of investment and mutually-beneficial cooperation)

The amended provisions of Article 100-32 (6) shall apply to an amount reserved for appropriation in the following term for the business year in which December 31, 2021 falls and the subsequent business year thereafter. In such cases, the amended provisions of paragraph (6) shall also apply to the amount

reserved for appropriation in the following term by a corporation referred to in the previous provisions of paragraph (1) 1 in the business year in which December 31, 2021 falls and the business year in which December 31, 2022 falls.

Article 21 (Applicability to tax credits on simplified statements of payment)

The amended provisions of Article 104-5 shall apply to simplified tax returns filed for income accrued after this Act enters into force.

Article 22 (Applicability to income deductions for project financing investment companies)

The amended provisions of Article 104-31 (3) and (4) shall apply to resolutions adopted on the distribution of dividends after this Act enters into force.

Article 23 (Applicability to special cases concerning indirect tax for Jeju-do traveler using duty-free shops)

The amended provisions of Article 121-13 (4) and (5) shall apply to sales or purchases of duty-free goods after this Act enters into force.

Article 24 (Applicability to reduction or exemption of corporate tax for start-up enterprises in enterprise city development zones)

The provisions of Article 121-17 (1) 8 and (2) shall apply to the enterprises newly established, or the enterprises establishing their places of business in, the Saemangeum Investment Promotion Zone pursuant to Article 121-17 (1) 8 after this Act enters into force.

Article 25 (Applicability to additional collection of amount of tax reduced or exempted)

The amended provisions of Article 121-19 (1) 9 and 10 shall apply to the enterprises newly established, or the enterprises establishing their places of business in, the Saemangeum Investment Promotion Zone pursuant to Article 121-17 (1) 8 after this Act enters into force.

Article 26 (Applicability to deduction of medical expenses for compliant business operators)

The amended provisions of Article 122-3 (1), with the exception of the subparagraphs thereof, and (3) shall also apply where medical expenses, expenses for infertility treatment, or monthly rents were paid before this Act enters into force and a tax return on a global income tax base is filed or income tax is determined after this Act enters into force.

Article 27 (Applicability to income deduction for amount spent on credit cards)

(1) The amended provisions of Article 126-2 (2) 3 through 6 (limited to the provisions concerning movie theaters) shall apply to the amounts paid for admission to movie theaters on or after July 1, 2023.

(2) The amended provisions of Article 126-2 (11) shall also apply to tax returns filed on a global income tax base, the determination of income tax, or year-end settlement after this Act enters into force with respect to earned income for the taxable period of 2022.

(3) Notwithstanding the amended provisions of Article 126-2 (2) and (10), the previous provisions shall apply to income deductions for the use of credit cards, etc. before this Act enters into force.

Article 28 (Transitional measure concerning special tax reductions or exemptions for small or medium enterprises)

With respect to the reduction and exemption of income tax or corporate income tax on income from a place of business referred to in the previous provisions of Article 7 (1) 2 (e) in the taxable year that began before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 7 (1) 2 (e).

Article 29 (Transitional measure concerning scope of non-taxation on gains from transferring stocks of small and medium business start-up investment companies)

With respect to the scope of exemption from corporate income tax on capital gains from a transfer of stocks or equity shares purchased before this Act enters into force and dividend income received after this Act enters into force for stocks or equity shares purchased before this Act enters into forces, the previous provisions shall apply, notwithstanding the amended provisions of the proviso of Article 13 (2) 5 and of the proviso of paragraph (3) 4 of that Article.

Article 30 (Transitional measure concerning special treatment for non-taxation on gains from exercising stock options of venture businesses)

(1) With respect to the limits on non-taxation of income tax for gains obtained by exercising stock options before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of the main clause of Article 16-2 (1).

The amended provisions of the proviso of Article 16-2 (1) shall apply to the exercise of stock options after this Act enters into force. In such cases, gains from exercising stock options before this Act enters into force shall not be included in the accumulated amount.

Article 31 (Transitional measure concerning increase of rate of integrated investment tax credit)

With respect to the tax credit rate on investments made before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 24 (1) 2 (a).

Article 32 (Transitional measures concerning tax credits for enterprises increasing earned income)

With respect to tax credits for a national (excluding small and middle-standing enterprises) that meets the requirements of Article 29-4 (1) or (3) in a taxable year that began before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 29-4 (1) and (3).

Article 33 (Transitional measures concerning tax credits for change of status to regular employees)

With respect to tax credits for the change of status to regular employees in a taxable year that began before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of Article 30-2.

Article 34 (Transitional measures concerning special taxation for gift tax on start-up funds)

(1) With respect to special taxation for gift tax on start-up funds received as a gift before this Act enters into force, the previous provisions shall apply, notwithstanding the amended provisions of the former part of paragraph (1), paragraph (2) 1-2, the former part of paragraph (5), and paragraph (6) 7 of Article 30-5.

(2) The amended provisions of Article 30-5 (7) shall apply where a resident falls under any subparagraph of paragraph (6) of that Article (including the previous provisions of subparagraph 7 of

that paragraph in cases of a person who received a start-up fund as a gift before this Act enters into force) after this Act enters into force.

Article 35 (Transitional measure concerning special taxation for gift tax on succession to family business)

(1) Notwithstanding the amended provisions of Article 30-6 (1), the previous provisions shall apply to special taxation for gift tax on the succession to a family business which was received as a gift before this Act enters into force.

(2) The amended provisions of Article 30-6 (3) shall also apply to a person who meets all of the following requirements and to a person who received a gift before this Act enters into force and files a tax return on the gift tax base after this Act enters into force.

1. The person was granted special taxation under Article 30-6 (1) before this Act enters into force;

2. Seven years have not passed since the person received stocks, etc. as a gift when this Act enters into force;

3. Neither gift tax nor interest thereon has been imposed under the previous provisions of Article 30-6 (3) before this Act enters into force.

Article 36 (Transitional measure concerning tax reduction or exemption for enterprises relocating factories to outside of Seoul Metropolitan Area)

(1) Notwithstanding the amended provisions of Article 63 (1) 2 (a) and (b), the previous provisions shall apply to tax credits for the relocation of a factory before this Act enters into force.

(2) If an enterprise relocating its factory after this Act enters into force engaged in any of the following acts before this Act enters into force with intent to become eligible for the application of the previous provisions of Article 63 (1) 2 (a) and (b), the previous provisions may be applied, notwithstanding the amended provisions of Article 63 (1) 2 (a) and (b):

1. The enterprise builds a new factory and submitted a relocation plan pursuant to Article 63 (1);

2. The enterprise transferred the site of the existing factory or buildings for the factory (including cases where a transfer contract has been concluded) for the relocation of the factory or demolished or closed the factory;

3. The enterprise purchased the site or buildings for a new factory (including cases where a purchase contract has been concluded) for the relocation of its factory;

4. The enterprise has a building permit for the construction of a new factory;

5. The enterprise has engaged in an act similar to the acts referred to in subparagraphs 1 through 4 and may be deemed to have substantially commenced relocation.

(3) Where either the amended provisions or the previous provisions of Article 63 (1) 2 (a) and (b) are chosen for application under paragraph (2), the same provisions shall continue to be applied during the period of tax reduction or exemption.

Article 37 (Transitional measures concerning tax reduction or exemption for corporations relocating head offices to outside of Seoul Metropolitan Area)

(1) Notwithstanding the amended provisions of Article 63-2 (1) 3 (a) and (b), the previous provisions shall apply to tax credits for the relocation of a head office before this Act enters into force.

(2) If an enterprise relocating its head office after this Act enters into force engaged in any of the following acts before this Act enters into force with intent to become eligible for the application of the previous provisions of Article 63-2 (1) 3 (a) and (b), the previous provisions may be applied, notwithstanding the amended provisions of Article 63-2 (1) 3 (a) and (b):

1. The enterprise builds a new head office and submitted a relocation plan pursuant to Article 63-2 (1);

2. The enterprise transferred the site of the existing head office or buildings for the head office (including cases where a transfer contract has been concluded) for the relocation of the head office, demolished or closed the head office, or repurposed the head office;

3. The enterprise purchased the site or buildings for a new head office (including cases where a purchase contract has been concluded) for the relocation of its head office;

4. The enterprise has a building permit for the construction of a new head office;

5. The enterprise has engaged in an act similar to the acts referred to in subparagraphs 1 through 4 and may be deemed to have substantially commenced relocation.

(3) Where either the amended provisions or the previous provisions of Article 63-2 (1) 3 (a) and (b) are chosen for application under paragraph (2), the same provisions shall continue to be applied during the period of tax reduction or exemption.

Article 38 (Transitional measures concerning special taxation for capital gains tax on long-term general private rental housing)

Notwithstanding the amended provisions of Article 97-3 (1), the previous provisions shall apply to special taxation for capital gains tax on a publicly-funded private rental housing unit or a long-term general private rental housing unit registered before this Act enters into force.

Article 39 (Transitional measure concerning special taxation for capital gains tax on purchasers of houses in agricultural or fishing villages)

Notwithstanding the amended provisions of Article 99-4 (1) 1 and 2, the previous provisions shall apply to the requirements for special taxation for capital gains tax on a house transferred before this Act enters into force.

Article 40 (Transitional measure concerning tax credits on supply price for petroleum products supplied through electronic commerce)

Notwithstanding the amended provisions of the main clause of Article 104-25 (1), the previous provisions shall apply to petroleum products supplied by using the electronic payment network before this Act enters into force.

ADDENDA <*Act No. 19328, Apr. 11, 2023*>

Article 1 (Enforcement date)

This Act shall enter into force on the date of its promulgation; provided, the amended provisions of the following subparagraphs shall enter into force on the date specified in each subparagraph:

1. The amended provisions concerning "high-yield, high-risk bond investment trusts" in Article 89-2 (1) 1 and the amended provisions of Article 91-15: The day after the lapse of two months from the date of promulgation;

2. The amended provisions concerning "state bonds for individual investment" in Article 89- 2 (1) and the amended provisions of Articles 91-23 and 146-2 (1): The day after the lapse of one month from the date of promulgation;

3. The amended provisions of subparagraph 1 and 3 of Article 1 and Article 12-2 of the Addenda to the partial amendment (Act No. 18634) to the Act on Restriction on Special Cases concerning Taxation: April 15, 2023.

Article 2 (Applicability to tax credits for research and human resources development expenses following expansion of scope of national strategic technologies)

(1) The amended provisions concerning research and development expenses for national strategic technologies in Article 10 (1) 2 shall apply to research and development expenses incurred on or after January 1, 2023.

Article 3 (Applicability to increase of rate of integrated investment tax credit)

(1) The amended provisions of Article 24 (1) 2 (a) (ii) shall apply to investments in facilities for the commercialization of national strategic technologies on or after January 1, 2023.

(2) Notwithstanding the amended provisions of Article 24 (1) 2 (a) (ii), the previous provisions shall apply to the tax credit rate for investments in facilities for the commercialization of national strategic technologies before January 1, 2023.

(3) The amended provisions of Article 24 (1) 3 shall apply to the amounts invested in the taxable year in which December 31, 2023 falls.

Article 4 (Applicability to special taxation for high-yield, high-risk bond investment trusts)

The amended provisions of Article 91-15 shall apply to subscriptions to high-risk, high-yield bond investment trusts on or after the enforcement date specified in subparagraph 1 of Article 1 of the Addenda.

Article 5 (Applicability to special taxation on state bonds for individual investment)

The amended provisions of Article 91-23 shall apply to income from state bonds for individual investment on or after the enforcement date specified in subparagraph 2 of Article 1 of the Addenda.

Article 6 (Transitional measures concerning special taxation for high-yield, high-risk bond investment trusts)

Notwithstanding the amended provisions of Article 91-15, the previous provisions shall apply to special taxation on high-yield, high-risk investment trusts subscribed to under the previous provisions of Article 91-15 before the enforcement date specified in subparagraph 1 of Article 1 of the Addenda.

Article 7 (Transitional measures concerning income deduction for amount spent on credit cards)

Notwithstanding the amended provisions of Article 126-2 (2) and (11), the previous provisions shall apply to income deductions for the use of credit cards, etc. in the taxation periods of 2021 and 2022.

ADDENDA <*Act No. 19430, Jun. 9, 2023*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 22 Omitted.

ADDENDA <*Act No. 19438, Jun. 13, 2023*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation. <*Proviso Omitted.*>

Article 2 Omitted.

ADDENDA <*Act No. 19504, Jun. 20, 2023*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 7 Omitted.

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ADDENDA <*Act No. 19936, Dec. 31, 2023*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2024; provided, the amended provisions of the following subparagraphs shall enter into force on the date specified in the relevant subparagraphs:

1. The amended provisions of Articles 87-7 (4), 91-20 (2), the proviso of paragraph (4) and (5) of the same Article: April 1, 2024;

2. The amended part of the "tax base for financial investment income under Article 87-4" in the amended provisions of Articles 105-3 and 121-35: January 1, 2025;

3. The amended provisions of articles 106-4 (12) and (13) and 106-9 (1), (12) and (13): July 1, 2024.

Article 2 (Applicability to Non-Taxation on Capital Gains of Stocks by Private Indirect Venture Investment Association Members)

The amended provisions of Article 13 (1) and (2) shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 3 (Applicability to tax credit for investment of domestic corporations in venture enterprises through private indirect venture investment association)

The amended provisions of Article 13-2 (2) shall begin to apply to applications for tax credit filed after this Act enters into force. In such cases, the amended provisions of subparagraph 2 of the aforesaid paragraph shall begin to apply to deductions from corporate tax for the business year following the business year in which a domestic corporation first acquires shares or equity interests in a venture company through a private indirect venture investment association.

Article 4 (Applicability to special taxation for investment by private funded indirect venture investment association in startup enterprises)

(1) The amended provisions of Article 14 (1) shall begin to apply to transfer conducted after this Act enters into force.

(2) The amended provisions of Article 14 (4) and (5) shall begin to apply to the cases where income is paid after this Act enters into force.

Article 5 (Applicability to income deduction for investment in venture investment association)

The amended provisions of Article 16 (1) 1 shall begin to apply to income for the taxable period of 2023, beginning with the case where a tax base is filed, income tax is determined, or year-end settlement is made after this Act enters into force.

Article 6 (Applicability to special taxation for foreign workers)

The amended provisions of Article 18-2 (3) shall begin to apply to cases where income is paid after this Act enters into force.

Article 7 (Applicability to tax credit for investment in specialized cultural industry company)

The amended provisions of Article 25-7 shall begin to apply to the cases where investment is made in a specialized cultural industry company after this Act enters into force.

Article 8 (Applicability to special taxation for capital gains tax on sale of farmland to support business workout)

The amended provisions of Article 70-2 (1), (4) and (5) shall begin to apply to the cases where farmland, etc. are transferred to the Korea Rural Community Corporation after this Act enters into force.

Article 9 (Applicability to reduction or exemption of gift taxes on farmland donated to children of farmers)

The amended provisions of Article 71 (3) shall begin to apply to cases where a gift is received after this Act enters into force.

Article 10 (Applicability to convertible investments in public real estate collective investment schemes)

The amended provisions of Article 87-7 (4) 1 shall begin to apply to the case of investment after being converted into collective investment securities of another publicly offered real estate collective investment scheme after April 1, 2024.

Article 11 (Applicability to special taxation on investments in cooperatives)

The amended provisions of Article 88-5 shall begin to apply to the cases where a cooperative, etc. is paid as dividends from surplus accrued in the fiscal year beginning after this Act enters into force.

Article 12 (Applicability to convertible subscription to long-term collective investment securities savings for youth)

The amended provisions of Article 91-20 (2) 4, the proviso of paragraph (4) of that Article, and (5) 1 of that Article shall begin to apply to the case of converted subscription to another long-term collective investment securities savings for youth after April 1, 2024.

Article 13 (Applicability to maturity benefit of Youth Hope Installment Savings to lump sum payment to Youth Take-Off Account)

The amended provisions of Article 91-22 (5) shall begin to apply to the payment into the Youth Take-Off Account after this Act enters into force.

Article 14 (Applicability to special cases concerning application of income standards to savings subject to special taxation)

(1) The amended provisions of Article 91-24 (1) shall also apply to the determination of whether the requirements are satisfied for subscription to the savings accounts, etc. subscribed at the time this Act enters into force or the amount of the tax-free limit therefor.

(2) The amended provisions of subparagraph 2 of Article 91-24 shall begin to apply to the cases where a person subscribes to savings, etc. after this Act enters into force.

Article 15 (Applicability to tax credit for monthly rent)

The amended provisions of Articles 95-2 (1) and 122-3 (3) shall begin to apply to the payment of monthly rents after this Act enters into force.

Article 16 (Applicability to special taxation of capital gains tax for purchasers of houses, etc. in agricultural and fishing villages)

The amended provisions of Article 99-4 (1) 1 (a) shall begin to apply to the transfer of general housing after this Act enters into force.

Article 17 (Applicability to special taxation on compensation for loss)

The amended provisions of Article 99-13 (1) shall begin to apply to the case where a national receives compensation for loss after this Act enters into force.

Article 18 (Applicability to labor encouragement subsidies and child care subsidies)

(1) The amended provisions of Article 100-7 (2) shall begin to apply to the cases of refund of labor encouragement subsidies (including cases applied mutatis mutandis pursuant to Article 100-31 (1)) for the taxable period beginning after January 1, 2023.

(2) The amended provisions of Articles 100-28 (1) 2 and 100-29 (1) shall begin to apply to the refund of child care subsidies for the taxable period commencing after January 1, 2023.

Article 19 (Applicability to expansion of scope of special taxation on partnership enterprises)

The amended provisions of Articles 100-15 (2) and (3), 100-16 (2), and 100-18 (3), (5) and (6) shall begin to apply to the taxable year to which December 31, 2023 belongs. do. In such cases, an enterprise which intends to be subject to special taxation on partnership enterprises for the taxable year to which December 31, 2023 belongs or the taxable year which commences on January 1, 2024 shall file an application with the head of the competent tax office by January 31, 2024, as prescribed and publicly notified by the Minister of Economy and Finance, notwithstanding Article 100-17 (1).

Article 20 (Applicability to special cases of inclusion in deductible expenses concerning contribution to credit rehabilitation services companies by financial companies)

The amended provisions of Article 104-11 shall begin to apply from tax returns filed after this Act enters into force.

Article 21 (Applicability to special cases concerning inclusion of loans paid to overseas construction subsidiaries in deductible expenses)

The amended provisions of Article 104-33 shall begin to apply to the cases where the allowance for bad debt is included in deductible expenses in the business year commencing after this Act enters into force.

Article 22 (Applicability to special cases concerning refund of value-added tax on motor vehicles for transportation business)

The amended provisions of Article 105-3 shall begin to apply to the case where goods are supplied or received or where an import declaration of goods is made after January 1, 2025.

Article 23 (Applicability to exemption from value-added tax)

The amended provisions of Article 106 (1) 9-2 (b) shall begin to apply to the supply of goods after this Act enters into force.

Article 24 (Applicability to special cases for purchaser's payment of value-added tax)

The amended provisions of Articles 106-4 (12) and 106-9 (1) and (12) shall begin to apply to the case where goods are supplied or received or where an import declaration of goods is made after July 1, 2024.

Article 25 (Applicability of reduction or exemption of corporate tax for start-up enterprises located in enterprise city development zones)

The amended provisions of Articles 121-17 (1) 9 and 10 and (2) of the same Article shall begin to apply to the enterprises that starts up a business or establishes a place of business in the Special Peace Economic Zone pursuant to the amended provisions of Article 121-17 (1) 9 after this Act enters into force.

Article 26 (Applicability to additional collection of reduced or exempted taxes)

(1) The amended provisions of the proviso of Article 121-19 (1) 2 shall begin to apply to the determination or adjustment of the amount of tax collected after the enforcement of this Act.

(2) The amended provisions of Article 121-19 (1) 11 and 12 shall begin to apply to the enterprises that start up a business or establish a new place of business in a special peace economic zone under the amended provisions of Article 121-17 (1) 9 after this Act enters into force.

Article 27 (Applicability to reduction or exemption of corporate tax for start-up enterprises in special opportunity development zone)

The amended provisions of Article 121-33 shall begin to apply to the enterprises that start up a business or establish a new place of business in a special opportunity development zone under paragraph (1) of the amended provisions after this Act enters into force.

Article 28 (Applicability to special taxation on enterprises relocating to special opportunity development zone)

The amended provisions of Article 121-34 shall begin to apply to the transfer of real estate for the former business use located in the Seoul Metropolitan Area after this Act enters into force.

Article 29 (Applicability to special taxation on investors in collective investment schemes for special opportunity development zone)

The amended provisions of Article 121-35 (1) shall begin to apply to interest income or dividend income received after this Act enters into force.

Article 30 (Applicability to exclusion of duplicate support for investment in overseas resources development)

The amended provisions of Article 127 (1) shall begin to apply to the investment or contribution made after this Act enters into force.

Article 31 (Applicability to exclusion of duplicate support)

The amended provisions of Article 127 (4) and (5) shall begin to apply to the taxable year in which this Act enters into force.

Article 32 (Applicability to exclusion from reduction or exemption in cases of estimated taxation)

The amended provisions of Article 128 (2) through (4) shall begin to apply where a tax base is reported, determined or corrected after this Act enters into force.

Article 33 (Applicability to exclusion from reduction or exemption of taxes below minimum tax threshold)

The amended provisions of Article 132 (1) 4 and (2) 4 shall begin to apply from the portion for the taxable year, in which the enforcement date of this Act falls.

Article 34 (Applicability to composite limits of reduction or exemption of capital gains tax and donation tax)

The amended provisions of Article 133 (2) shall begin to apply to the transfer of a part of land or a stake in land after this Act enters into force. In such cases, the transfer made before this Act enters into force shall not be included in the transfer deemed to have been made in one taxable period under the same amended provisions.

Article 35 (Applicability to inclusion of expenses for promotion of business in traditional markets in deductible expenses)

The amended provisions of Article 136 (6) shall begin to apply from where a tax return is filed after this Act enters into force.

Article 36 (Transitional measures concerning tax credits for acquisition of technological innovation-oriented stocks)

Notwithstanding the amended provisions of Article 12-4 (1), the former provisions shall apply to the requirements for tax credit in cases where the date on which the acquiring corporation first acquires the stocks, etc. of the acquired corporation is before this Act enters into force.

Article 37 (Transitional measures concerning tax credit for production costs of video content)

Notwithstanding the amended provisions of Article 25-6 (1), the former provisions shall apply to the tax credit for the production cost of video content incurred before this Act enters into force.

Article 38 (Transitional measure concerning special taxation for gift tax on succession to family business)

(1) Notwithstanding the amended provisions of the main clause, with the exception of the subparagraphs, of Article 30-6 (1), the former provisions shall apply to the application of the tax rate of gift tax in cases where a gift is received before this Act enters into force.

(2) The amended provisions of Article 30-6 (4) shall begin to apply to cases where a gift is received after this Act enters into force.

Article 39 (Transitional measures concerning change of scope of agricultural cooperative corporations subject to special taxation)

For the special taxation on the income in the taxable year in which December 31, 2023 falls, the former provisions shall apply, notwithstanding the amended provisions of Articles 66 (1), 67 (1), the main clause of paragraph (4) of that Article, and Article 68 (1).

Article 40 (Transitional measures concerning income deduction for collective savings accounts for housing subscription)

Notwithstanding the amended provisions of Article 87 (2), (5) and (7), the former provisions shall apply to the calculation of income deduction and additional tax on the amount paid into the collective savings account for housing subscription before this Act enters into force.

Article 41 (Transitional measures concerning tax reduction or exemption for overseas Korean enterprises on their return to Korea)

With respect to the period of tax reduction or exemption and the requirements for the type of business in cases where a business start-up or a new place of business is established or expanded in the Republic of Korea before this Act enters into force, previous provisions shall apply, notwithstanding the amended provisions of Article 104-24 (2), (3), (6) and Article 118-2 (1) 2.

ADDENDA <*Act No. 19990, Jan. 9, 2024*>

Article 1 (Enforcement date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 20320, Feb. 20, 2024*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2025.

Articles 2 through 6 Omitted.

ADDENDA <*Act No. 20357, Feb. 27, 2024*>

Article 1 (Enforcement date)

This Act shall enter into force 1 year and 6 months after the date of its promulgation. <*Proviso Omitted.*>

Article 2 Omitted.

Article 3 Omitted.

ADDENDA <*Act No. 20617, Dec. 31, 2024*>

Article 1 (Enforcement date)

This Act shall enter into force on January 1, 2025; provided, the amended provisions of the following subparagraphs shall enter into force on the date specified in each subparagraph:

1. The amended provisions of Articles 106 (5) and 107-2: April 1, 2025;

2. The amended provisions of Articles 106-11, 108-3, and 126-2 (2) 3 (c): July 1, 2025.

Article 2 (Applicability to Tax Reduction and Exemption for Small or Medium Start-up Enterprises)

The amended provisions of Article 6 (7), (13), and proviso of Article 127 (4) shall begin to apply to cases where a small or medium enterprise is incorporated as a small or medium start-up enterprise, or designated as an operator of a business incubator, or certified as a venture business, or where a small or medium enterprise falls under a new energy technology small or medium enterprise, after this Act enters into force.

Article 3 (Applicability to Deduction Rate of Tax Credit for Research and Human Resources Development Expenses)

(1) The amended provisions of Article 10 (1) 1 (a) (ii) and subparagraph 2 (a) (ii) and subparagraph 3 (b) (ii) of that paragraph shall begin to apply to the cases where it is no longer categorized as a small or medium enterprise in the taxable year that begins after this Act enters into force.

(2) Notwithstanding the amended provisions of Article 10 (1) 1 (a) (ii) and the proviso of item (b) of that subparagraph, the former provisions shall apply to the research and human resources development expenses of a mid-sized KOSDAQ-listed enterprise incurred in the taxable year to which December 31,

2024 belongs.

Article 4 (Applicability to Special Taxation for Contributions for Research and Development)

The amended provisions of Article 10-2 (1) shall begin to apply to the cases where contributions, etc. for research and development are received in the taxable year that commences after this Act enters into force.

Article 5 (Applicability to Deduction Rate of Integrated Investment Tax Credit)

(1) The amended provisions of the main clause, with the exception of the subparagraphs, of Article 24 (1) shall begin to apply to the cases where investment is made in the taxable year that commences after this Act enters into force.

(2) The amended provisions of Article 24 (1) 2 (a) (i) b, (ii) b and (iii) b shall begin to apply to the cases in which it is no longer a small and medium enterprise in the taxable year commencing after this Act enters into force.

(3) The amended provisions of the main clause of Article 24 (1) 2 shall begin to apply to the cases where investment is made in the taxable year that commences after this Act enters into force.

Article 6 (Applicability to Special Cases concerning Taxation on Acquisition of Multiple Voting Stocks of Venture Businesses)

The amended provisions of Article 47 shall begin to apply to the payment made for multiple voting stocks with common stocks after this Act enters into force.

Article 7 (Applicability to Calculation of Amount of Tax Credit for Hometown Love Donations)

The amended provisions of Article 58 (1) 2 shall begin to apply to donations made after this Act enters into force.

Article 8 (Applicability to Special Cases concerning Taxation of Capital Gains Tax and Comprehensive Real Estate Holding Tax on Acquirers of Housing in Depopulated Area)

The amended provisions of Article 71-2 shall begin to apply to decisions or corrections made after this Act enters into force.

Article 9 (Applicability to Special Cases for Inclusion in Losses of Proper Purpose Business)

The amended provisions of Article 74 (1) 3 shall begin to apply to cases of filing a tax base after this Act enters into force.

Article 10 (Applicability to Special Taxation for Capital Gains Tax on Compensation by Substitute Land)

The amended provisions of Article 77-2 (2) shall also apply where compensation by substitute land is made before this Act enters into force.

Article 11 (Applicability to Income Deduction Limits for Mutual Aid Installments for Small and Micro Enterprises)

The amended provisions of Article 86-3 (1) shall begin to apply to the mutual aid installments paid after this Act enters into force.

Article 12 (Applicability to Income Deductions for Collective Savings Accounts for Housing Subscription)

(1) The amended provisions of Article 87 (2) shall begin to apply to the amount paid into the collective savings accounts for housing subscription after this Act enters into force.

(2) The amended provisions of Article 87 (3) 1 shall also apply to the spouse of the head of a household who is subscribed to the collective savings account for housing subscription giving preferential treatment to youths as at the time this Act enters into force.

(3) Where the spouse of the head of a household subscribed to the collective savings account for housing subscription giving preferential treatment to youths before this Act enters into force intends to submit a certificate of homelessness pursuant to the amended provisions, with the exception of the subparagraphs, of Article 87 (4), he or she shall submit it within 2 years from the enforcement date of this Act, notwithstanding subparagraph 2 of that paragraph.

Article 13 (Applicability to Non-Taxation of Youth Take-Off Account)

The amended provisions of Article 91-22 (3) shall begin to apply to cases where a contract is terminated after this Act enters into force.

Article 14 (Applicability to Tax Credits for Marriage)

The amended provisions of Article 92 shall begin to apply to cases where the final return is filed on the tax base of global income or the year-end tax settlement is made after this Act enters into force.

Article 15 (Applicability to Special Cases concerning Taxation of Capital Gains Tax and Comprehensive Real Estate Holding Tax on Acquirers of Unsold Housing Units after Completion Outside of Seoul Metropolitan Area)

The amended provisions of Article 98-9 shall begin to apply to decisions or corrections made after this Act enters into force.

Article 16 (Applicability to Special Cases concerning Taxation of Capital Gains Tax on Payment of Pension Accounts)

The amended provisions of Article 99-14 shall begin to apply to the transfer of real estate after this Act enters into force.

Article 17 (Applicability to Labor Encouragement Subsidies)

The amended provisions of Articles 100-3 (1) 2, proviso of paragraph (5) 2 (b) (ii), 100-5 (1) 3, paragraph (2) of that Article, and 100-8 (5) 2 shall begin to apply to the cases where an application is filed for labor encouragement subsidies after this Act enters into force (including cases where an application is deemed to have been filed for a semi-annual term pursuant to Article 100-6 (9) for income for the second half of the taxable period of 2024).

Article 18 (Applicable Examples concerning Special Cases on Computing Tax Base of Corporate Tax for Shipping Enterprises)

The amended provisions of Article 104-10 shall begin to apply where the tax base is filed for the business year that commences after this Act enters into force.

Article 19 (Applicability to Special Cases concerning Divided Inclusion of Gains on Transfer of Construction Machinery in Business Income)

The amended provisions of Article 104-34 shall begin to apply to cases where construction machinery is transferred after this Act enters into force.

Article 20 (Applicability to Additional Collection of Reduced Taxes Unpaid to General Taxicab Business Operators)

The amended provisions of the proviso, with the exception of the subparagraphs, of Article 106-7 (7) shall begin to apply to the cases where non-payment occurs after this Act enters into force.

Article 21 (Applicability to Special Cases for Purchaser's Payment of Value-Added Tax on Duty-Free Shop Visitor Attraction Services)

The amended provisions of Articles 106-11 and 108-3 shall begin to apply to cases where the duty-free shop visitor attraction services are provided or received after July 1, 2025.

Article 22 (Applicability to Special Cases concerning Value-Added Taxes on Foreign Tourists)

The amended provisions of Article 107-2 shall begin to apply where accommodation services are supplied after April 1, 2025.

Article 23 (Applicability to Credit Card Income Deduction for Use of Sports Facilities)

The amended provisions of Article 126-2 (2) 3 (c) shall begin to apply to the amount paid for the use of sports facilities after July 1, 2025.

Article 24 (Transitional Measures Concerning Tax Credits for Acquisition of Technological Innovation-Oriented Stocks)

(1) Notwithstanding the amended provisions, with the exception of subparagraphs, of Article 12-4 (1), the previous provisions shall apply to the tax credit rate where an acquiring corporation first acquires stocks, etc. of the acquired corporation before this Act enters into force.

(2) The amended provisions of Article 12-4 (1) 2 shall begin to apply to tax base returns filed after this Act enters into force.

Article 25 (Transitional Measures concerning Deduction Rate of Tax Credit for Management Performance Bonuses of Performance-Sharing Small and Medium Enterprises)

Notwithstanding the amended provisions of the main clause of Article 19 (1), the previous provisions shall apply to tax credits for management performance bonuses paid before this Act enters into force.

Article 26 (Transitional Measures concerning Reduction or Exemption of Income Tax on Amount Received from Performance Compensation Fund for Youth Workers and Core Personnel of Small and Medium Enterprises)

Notwithstanding the amended provisions of Article 29-6 (1), the previous provisions shall apply to the imposition of income tax and tax reduction or exemption on employees who have joined mutual aid business before this Act enters into force.

Article 27 (Transitional Measure concerning Tax Reduction or Exemption for Enterprises Relocating Factories to Outside of Seoul Metropolitan Area)

(1) Notwithstanding the amended provisions of Article 63, the previous provisions shall apply to tax reduction or exemption where a factory is relocated before this Act enters into force.

(2) If an enterprise relocating its factory after this Act enters into force engaged in any of the following acts before this Act enters into force for the purpose of the previous provisions of Article 63 (1), the previous provisions shall apply, notwithstanding the amended provisions of Article 63:

1. The enterprise builds a new factory and submitted a relocation plan pursuant to Article 63 (1);

2. The enterprise transferred the site of the existing factory or buildings for the factory (including cases where a transfer contract has been concluded) for the relocation of the factory or demolished or closed the factory;

3. The enterprise purchased the site or buildings for a new factory (including cases where a purchase contract has been concluded) for the relocation of its factory;

4. The enterprise has a building permit for the construction of a new factory;

5. The enterprise has engaged in an act similar to the acts referred to in subparagraphs 1 through 4 and may be deemed to have substantially commenced relocation.

Article 28 (Transitional Measures concerning Tax Reduction or Exemption for Corporations Relocating Head Offices to Outside of Seoul Metropolitan Area)

(1) Notwithstanding the amended provisions of Article 63-2, the previous provisions shall apply to tax credits for the relocation of the head office before this Act enters into force.

(2) If an enterprise relocating its head office after this Act enters into force engaged in any of the following acts before this Act enters into force with intent to become eligible for the application of the previous provisions of Article 63-2 (1), the previous provisions shall apply, notwithstanding the amended provisions of Article 63-2:

1. The enterprise builds a new head office and submitted a relocation plan pursuant to Article 63-2 (1);

2. The enterprise transferred the site of the existing head office or buildings for the head office (including cases where a transfer contract has been concluded) for the relocation of the head office, demolished or closed the head office, or repurposed the head office;

3. The enterprise purchased the site or buildings for a new head office (including cases where a purchase contract has been concluded) for the relocation of its head office;

4. The enterprise has a building permit for the construction of a new head office;

5. The enterprise has engaged in an act similar to the acts referred to in subparagraphs 1 through 4 and may be deemed to have substantially commenced relocation.

Article 29 (Transitional Measures concerning Reduced or Exempted Amount of Individual Consumption Tax on Environment-Friendly Motor Vehicles)

Notwithstanding the amended provisions of Article 109 (2), the previous provisions shall apply to the amount of reduction or exemption of individual consumption tax on motor vehicles taken out of a manufacturing place or a bonded area before this Act enters into force.

Article 30 (Transitional Measures concerning Additional Collection of Amount of Deduction from Medical Expenses for Compliant Business Operators)

In cases where underreported income amount or overestimated necessary expenses for taxable periods prior to the enforcement of this Act are corrected, the former provisions shall apply, notwithstanding the amended provisions of Article 122-3 (5).

Article 31 Omitted.

Last updated : - -

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